The Fort McHenry Tunnel, dedicated November 23, 1985, is the world's largest submerged tube tunnel designed for vehicular traffic. It is the final link in the East Coast's most important interstate route, I-95.

Completed on time and under the proposed $825 million budget, the tunnel included the largest single construction project ever undertaken in the National Interstate and Defense Highway System — the fabrication and placement of the tunnel tubes.

Disposal of 3.5 million cubic yards of material dredged from the harbor bottom at the newly created Canton/Seagirt site resulted in 136 additional usable acres for the Port of Baltimore. New tidal marshes are being created elsewhere to replace the wetlands lost by developing the containment site.

*Photo Credits: Greg Pease—Portals, Interior*
*Richard Lippenholz—Containment Site*

S3685-2

STATE OF MARYLAND

# COMPREHENSIVE ANNUAL FINANCIAL REPORT

for the year ended June 30, 1986

PREPARED

by the State Comptroller's Office

Louis L. Goldstein

Comptroller of the Treasury of Maryland

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# STATE OF MARYLAND
# COMPREHENSIVE ANNUAL FINANCIAL REPORT
# TABLE OF CONTENTS


| INTRODUCTORY SECTION | Page(s) |
|---|---|
| Selected State Officials | 7 |
| State Organization Chart | 8 |
| Certificate of Achievement | 9 |
| State Comptroller's Letter | 11-16 |
| **FINANCIAL SECTION** | |
| Report of independent certified public accountants | 19 |
| **GENERAL PURPOSE FINANCIAL STATEMENTS** | |
| Combined balance sheet—All Fund Types and Account Groups | 22-23 |
| Combined statement of revenues, expenditures, other sources and uses of financial resources and changes in fund balances—All Governmental Fund Types and Expendable Trust Fund | 24 |
| Combined statement of revenues, expenditures and encumbrances, other sources and uses of financial resources, and changes in fund balances—budget and actual—Budgetary General, Special, Federal, Current Unrestricted and Current Restricted Funds | 25-26 |
| Combined statement of revenues, expenses and changes in retained earnings fund balances—Enterprise Funds, Nonexpendable Trust Fund and Pension Trust Fund | 27 |
| Combined statement of changes in financial position—Enterprise Funds, Nonexpendable Trust Fund and Pension Trust Fund | 28 |
| Balance sheet—Higher Education Fund | 29 |
| Statement of revenues, expenses, interfund transfers, operating transfers and changes in fund balances—Higher Education Fund | 30 |
| Notes to general purpose financial statements | 31-56 |
| **COMBINING FINANCIAL STATEMENTS AND SCHEDULES** | |
| Debt Service Funds: | |
| Combining balance sheet | 59 |
| Combining statement of revenues, expenditures, other sources and uses of financial resources and changes in fund balances | 60 |
| Enterprise Funds: | |
| Combining balance sheet | 61 |
| Combining statement of revenues, expenses and changes in retained earnings | 62 |
| Combining statement of changes in financial position | 63 |

## COMBINED FINANCIAL STATEMENT AND SCHEDULES, continued


Fiduciary Fund Types:
Combining balance sheet 64
Combining statement of changes in assets and liabilities—all agency funds 65
Schedule of fixed assets and accumulated depreciation 66
Schedule of changes in general fixed assets by function 66
Schedules required by Title 2, Section 102 of the State Finance and Procurement Article of the Annotated Code of Maryland:
Schedule of estimated and actual revenues by source—budgetary basis 67
Schedule of budget and actual expenditures and encumbrances by major function—budgetary basis 68
Schedule of changes in fund equities—budgetary basis 69
Schedule of funds transferred to political subdivisions 70
Schedule of taxes receivable from collectors of state property taxes 71
Schedule of estimated revenues—budgetary basis 72
Schedule of general, special, federal, current unrestricted and current restricted fund appropriations—budgetary basis 73


## STATISTICAL SECTION


Schedule of general government revenues by source, expenditures by function and other sources (uses) of financial resources and changes in fund balances—general, special revenue, debt service and capital projects funds—last ten fiscal years 77
Schedule of property tax levies and collections—last ten fiscal years 78
Schedule of assessed and estimated actual value of taxable property—last ten fiscal years 78
Schedule of property tax rates—all overlapping governments—last ten fiscal years 79
Schedule of ratio of general long-term debt to assessed value and general long-term debt per capita—last ten fiscal years 79
Schedule of ratio of annual debt service for general long-term debt to total general expenditures—last ten fiscal years 80
Schedule of revenue bond coverage—last eight fiscal years 80
Schedule of taxes pledged to consolidated transportation bonds and net revenues as defined for purposes of consolidated transportation bonds coverage tests—last ten fiscal years 81
Schedule of demographic statistics—last ten fiscal years 81
Schedule of property value and bank deposits—last ten fiscal years 82
Schedule of miscellaneous statistics 82

# INTRODUCTORY SECTION

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## STATE OF MARYLAND
## SELECTED STATE OFFICIALS

### EXECUTIVE

Harry Hughes
*Governor*

J. Joseph Curran
*Lieutenant Governor*

Louis L. Goldstein
*Comptroller*

Stephen H. Sachs
*Attorney General*

William S. James
*Treasurer*

### JUDICIAL

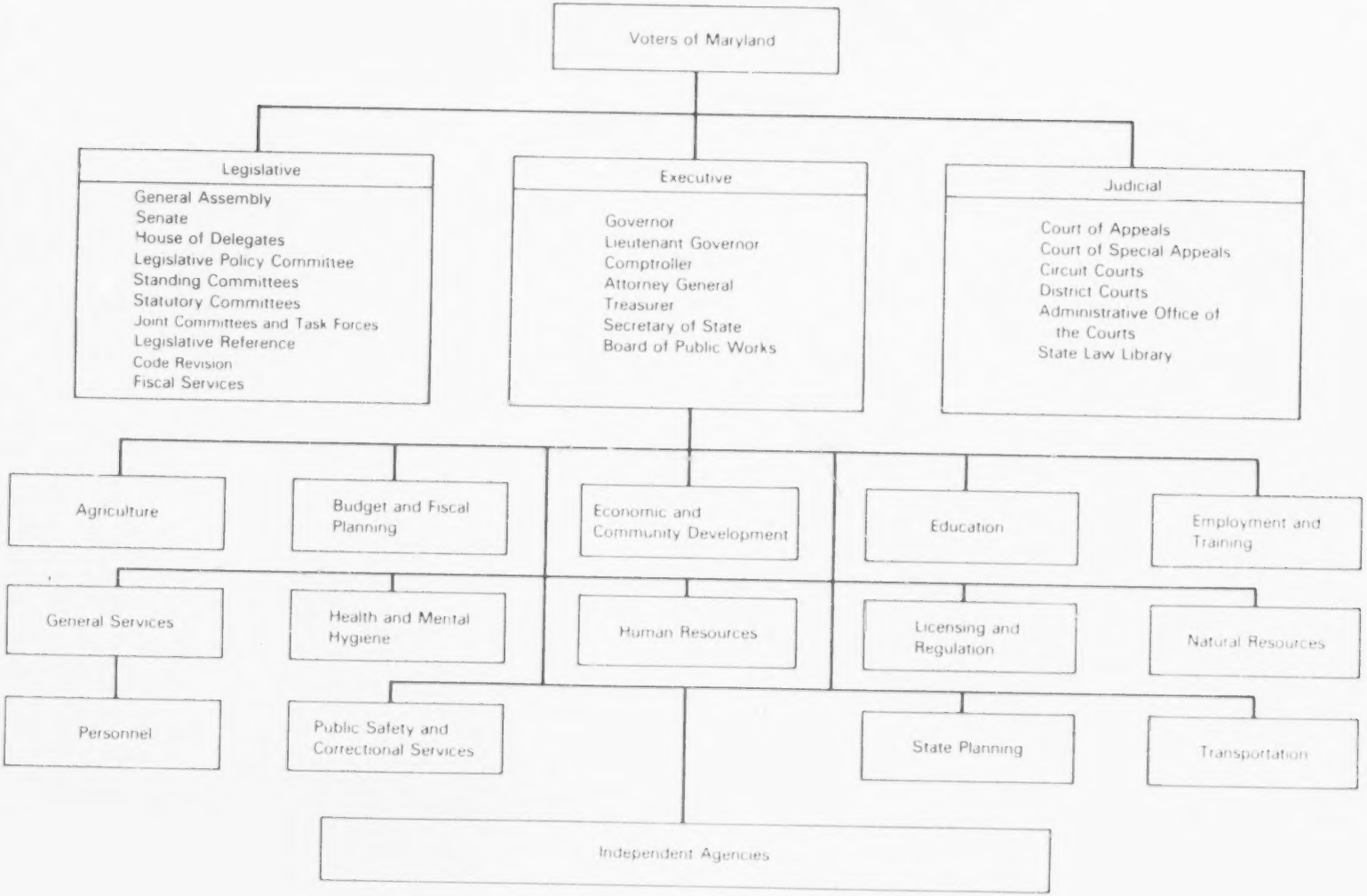
Robert C. Murphy
*Chief Judge*
*Court of Appeals of Maryland*

### LEGISLATIVE

Melvin A. Steinberg
*President of the Senate*
*(47 Senators)*

Benjamin L. Cardin
*Speaker of the House of Delegates*
*(141 Delegates)*

# ORGANIZATION CHART OF MARYLAND STATE GOVERNMENT




Reprinted from the Maryland Manual

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

## State of Maryland

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 1985

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to governmental units and public employee retirement systems whose comprehensive annual financial reports (CAFR's) are judged to substantially conform to program standards.

John T. Walsh
President

Jeffrey L. Esser
Executive Director

Louis L. Goldstein
Maryland State Comptroller

LOUIS L. GOLDSTEIN
COMPTROLLER OF THE TREASURY
LOUIS L. GOLDSTEIN TREASURY BUILDING
P.O. BOX 466
ANNAPOLIS, MARYLAND 21404-0466
269-3801

October 27, 1986

Honorable Members of the General
Assembly and the Governor
State of Maryland

The Comprehensive Annual Financial Report of the State of Maryland, for the fiscal year ended June 30, 1986, submitted herewith includes financial statements of the State of Maryland as well as information required by Title 2, Section 102 of the State Finance and Procurement Article of the Annotated Code of Maryland. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the Office of the Comptroller. I believe the data, as presented, is accurate in all material aspects; that it is presented in a manner designed to fairly set forth the financial position and results of operations of the State as measured by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain the maximum understanding of the State's financial affairs have been included.

## Financial and Accounting Systems

The financial statements contained in this report have been prepared in accordance with generally accepted accounting principles and have been examined by Touche Ross & Co., whose report thereon is included in this report.

Maryland maintains its accounts to conform to generally accepted accounting principles and also to comply with the legally mandated budget. Financial control is generally exercised under the budgetary system. The State recognizes the difficulties and complexities involved in maintaining dual systems, and it has formed a task force to guide the conversion of budgetary practices into conformity with generally accepted accounting practices.

The timing differences in the general fund must be evaluated by the Executive and Legislative branches to determine the method of and timing for conversion to generally accepted accounting principles. Differences in fund structure are continuing to be analyzed by the task force to determine the appropriate approach to conversion.

The financial statements include the various departments, agencies and other organizational units governed by the General Assembly and or constitutional officers of the State of Maryland. The following criteria was utilized to determine the entity for the State of Maryland: selection of governing authority, appointment of management, constitutional officers' ability to significantly influence operations and accountability for fiscal operations and scope of public service.

## General Governmental Functions

Revenues of the general governmental functions (excluding capital projects) totaled $6,748,012,000 for the fiscal year ended June 30, 1986. This represents an increase of 9.4 percent over revenues for the fiscal year 1985. Income tax, the largest source of revenue, produced 31.7 percent of general governmental revenues compared to 31.9 percent last year. The revenues (amounts expressed in thousands) from various sources and the changes from last year are shown in the following tabulation:

| Revenue Source | Amount | Percent of Total | Increase (Decrease) Over 1985 Actual Amount | Percent |
|---|---|---|---|---|
| Income taxes | $2,140,594 | 31.7% | $172,488 | 8.8% |
| Retail sales and use taxes | 1,189,603 | 17.6 | 91,158 | 8.3 |
| Motor vehicle taxes and fees | 741,940 | 11.0 | 58,166 | 8.5 |
| Other taxes | 641,767 | 9.5 | 57,513 | 9.8 |
| Other licenses and fees | 91,104 | 1.4 | 13,607 | 17.6 |
| Charges for services | 238,862 | 3.5 | (27,591) | (10.4) |
| Interest and other investment income | 94,464 | 1.4 | (9,798) | (9.4) |
| Other | 173,133 | 2.6 | 38,835 | 28.9 |
| Gain on defeasance of transportation bonds | 53,337 | .8 | 53,337 | 100.0 |
| Federal revenue | 1,383,208 | 20.5 | 133,403 | 10.7 |
| Total | $6,748,012 | 100.0% | $581,118 | 9.4% |

Of the total income tax revenue for fiscal year 1986, $1,920,420,000 was produced by the individual income tax and $220,174,000 by the corporate income tax, representing increases of $166,181,600 and $6,307,000, respectively, compared to the prior year. The increase in individual income tax revenues of 9.5 percent over the prior year is attributable to population growth and a higher personal income level for the State's taxpayers. The increase in the corporate income tax revenues of 2.9 percent from the prior year is attributable to the improvement in the national economy.

The retail sales and use taxes increased $91,158,000 or 8.3 percent over the previous year which is also attributable to the improvement in the national economy.

Other licenses and fees increased $13,607,000 or 17.6 percent over 1985. This increase was primarily attributable to increases in revenues earned by the courts.

Revenues from charges for services decreased $27,591,000 or 10.4 percent from 1985. This decrease resulted from the classification in 1985 of certain Federal revenues for transportation programs as charges for services. Such revenues are classified as Federal revenue in 1986.

The Department of Transportation defeased the principal amount of $354,865,000 of Consolidated Transportation Bonds in December of 1985. In connection with the defeasance, the Department recognized a gain of $53,337,000.

Other revenues increased $38,835,000 or 28.9 percent over 1985. This increase resulted primarily from revenues received from oil companies for the Energy Overcharge Restitution program.

Federal revenue increased $133,403,000 or 10.7 percent over 1985. This increase resulted from additonal federal revenues for transportation, health, human resources, and other federal programs.

Changes in levels of expenditures (amounts expressed in thousands) for major functions from the previous year (excluding capital projects) are shown in the following tabulation:

| Function | Amount | Percent of Total | Increase (Decrease) Over 1985 Actual Amount | Percent |
|---|---|---|---|---|
| Current: | | | | |
| General government | $ 248,951 | 3.9% | $ 15,510 | 6.6% |
| Education | 1,516,492 | 23.4 | 94,484 | 6.6 |
| Human resources | 674,346 | 10.4 | 71,950 | 11.9 |
| Health and mental hygiene | 1,406,629 | 21.7 | 140,780 | 11.1 |
| Transportation | 544,004 | 8.4 | 129,774 | 31.3 |
| Public safety and judicial | 471,621 | 7.3 | 37,717 | 8.7 |
| Economic and community development | 26,434 | .4 | (738) | (2.7) |
| Natural resources and recreation | 82,787 | 1.3 | 8,835 | 11.9 |
| Agriculture | 27,909 | .4 | 4,568 | 19.6 |
| Personnel and retirement | 21,273 | .3 | (10,511) | (33.1) |
| Intergovernmental | 408,519 | 6.3 | (33,999) | (7.7) |
| Debt service | 455,880 | 7.0 | 22,398 | 5.2 |
| Capital outlays for transportation | 595,137 | 9.2 | 94,878 | 19.0 |
| Total | $6,479,982 | 100.0% | $575,646 | 9.8% |

Expenditures for transportation increased $129,774,000 or 31.3 percent over 1985 and intergovernmental decreased $33,999,000 or 7.7 percent from 1985 because of certain expenditures being reported as transportation expenditures in 1986, while such expenditures were reported as intergovernmental expenditures in 1985.

Expenditures for agriculture increased $4,568,000 or 19.6 percent over 1985. This is primarily attributable to an increase in the Agricultural Land Preservation program.

Expenditures for personnel and retirement decreased $10,511,000 or 33.1 percent from 1985 which is attributable to the majority of health insurance costs for retirees being allocated to the various "Current" expenditure categories in 1986 versus being reported under the personnel and retirement category in 1985.

Expenditures for capital outlays for transportation increased $94,878,000 or 19.0 percent over 1985 which is primarily attributable to the construction of new highways.

Operating transfers in from the capital projects fund and enterprise funds totaled $3,661,000 and $323,423,000 respectively. This represents an increase of $71,518,000 over the previous year. Operating transfers out to the capital projects fund, enterprise funds, and higher education funds totaling $593,051,000 increased $199,511,000 over the preceding year. The operating transfers in increase of 28.0 percent over the amount for 1985 was the result of increased earnings of the lottery including net proceeds from an additional instant game and a full year's net proceeds from the lotto game being transferred to the general fund. The operating transfers out increase of 50.7 percent over the amount for 1985 included transfers of $55,000,000 from the general fund and $100,000,000 from the Department of Transportation Trust Fund to the Maryland Deposit Insurance Fund Corporation as part of the savings and loan depositors' distribution plan. The majority of the remaining increase in transfers out was for additional monies provided to the Higher Education Funds.

The general fund unreserved fund deficit at June 30, 1986 was $22,090,000 compared to an unreserved fund deficit at June 30, 1985 of $64,621,000 resulting in a positive effect of $42,531,000 during the year. This improvement was primarily the result of revenues exceeding estimates.

Management of financial resources is exercised through the legally mandated budgetary system of the State. The budgetary system produced a positive general fund balance at June 30, 1986. For information on differences between GAAP and the budgetary system, see footnote 3 to the financial statements.

The special revenue unreserved fund balance of $118,674,000 decreased $74,589,000 from the preceding year because of the transfer of $100,000,000 to the Maryland Deposit Insurance Fund Corporation. However, with the exclusion of that transfer, the special revenue unreserved fund balance would have increased by $25,411,000 primarily because of significant increases in motor vehicle taxes and fee revenues. The debt service unreserved fund balance of $261,192,000 decreased $323,115,000 from the prior year as a result of the defeasance of transportation bonds.

## Debt Administration

The ratio of net bonded debt to assessed property value and the amounts of bonded debt per capita are considered to be useful indicators of the State's debt position to State management, citizens and investors. Data for fiscal years 1985 and 1986 are shown as follows:

| | Amount (expressed in thousands) | Ratio of Net Bonded Debt to Assessed Value (50.6% of Present Market) | Ratio of Debt to Present Market Value | Bonded Debt Per Capita |
|---|---|---|---|---|
| General obligation bonds: | | | | |
| 1985 | $2,231,295 | 3.67% | 1.87% | $508.50 |
| 1986 | $2,110,075 | 3.18% | 1.61% | $480.00 |

Additionally, outstanding limited obligation bonds of the Department of Transportation amounted to $441,470,000 at June 30, 1986. Debt service on these bonds is provided principally by excise taxes levied by statute. Self-supporting revenue bonds outstanding at June 30, 1986 were $1,758,219,000. Long-term obligation for accrued retirement costs of $555,292,000 represent the excess of retirement costs over retirement expenditures since 1978 and are being funded on a long-term basis through annual contributions, principally from general fund revenue. Long-term obligations for accrued annual leave of $71,345,000 represent the value of accumulated earned but unused annual leave for general government employees at June 30, 1986.

In 1978, the Capital Debt Affordability Committee was created to study the State's debt structure and to recommend maximum limitations on annual debt authorizations. Although the recommendations of the Committee are not binding on the State's General Assembly, the amounts of annual general obligation bond authorizations for 1986 were within the limits established by the Committee. For the fiscal year 1986, new general obligation bond authorizations amounted to $223,034,000.

The following tabulation shows the general obligation bonds issued during the past three fiscal years:

### State of Maryland—General Obligation Bonds

| Date of Issue | Amount | Average Life in Years | Effective Interest Rate | Interest Cost Per Borrowed Dollar |
|---|---|---|---|---|
| March 1, 1984 | $116,700,000 | 10.1 | 8.18% | 82.7¢ |
| September 1, 1984 | 138,990,000 | 10.1 | 8.78 | 88.9 |
| March 1, 1986 | 124,585,000 | 10.2 | 6.50 | 65.1 |

Since June 30, 1983 the State has redeemed more general obligation bonds than it has issued, resulting in a decline in general obligation bonds outstanding of $299,815,000.

Maryland's general obligation bonds have been rated Aaa by Moody's Investors Service and AAA by Standard and Poor's for a number of years.

Additionally, limited obligation bonds issued by the Department of Transportation and self-supporting revenue bonds issued by enterprise agencies amounted to $8,795,000 and $554,125,000, respectively, during 1986.

## Cash Management

During the year, temporary surpluses of cash in general governmental funds were invested in repurchase agreements and U.S. Treasury and Agency obligations with maturities ranging from one to 181 days and in time deposits ranging from 180 to 365 days. For the fiscal year ended June 30, 1986 the State's cash resources for general governmental funds were invested as follows: in repurchase agreements, 75.7 percent; in United States Treasury and Agency obligation, 24.0 percent; and in certificates of deposits, 0.3 percent. The average yield on maturing investments during the year was 7.6 percent, as compared to 9.1 percent in the prior year, and the amount of interest received was $94,464,000, which was $9,798,000 less than the previous year.

## Capital Projects Fund

Proceeds of general obligation bond issues are accounted for in the capital projects fund. Completed projects and uncompleted construction in progress at year end which are assets of the State are capitalized in the general fixed assets account group, the appropriate enterprise fund for self-supporting projects or the higher education fund. During fiscal year 1986, state projects costing $157,432,000, were completed. State grants for capital projects of local governments and other public organizations amounted to $88,639,000 in the fiscal year, an increase of $5,534,000 over 1985.

Authorized but unissued general obligation bonds at June 30, 1986 totaled $876,052,000.

## Enterprise, Fiduciary, and Higher Education Funds

All enterprise funds with the exception of the Maryland Deposit Insurance Fund Corporation reported retained earnings at June 30, 1986. Only the Maryland Environmental Service reported a decline in retained earnings during the year. Overall the increase in retained earnings for enterprise funds during 1986 was $172,002,000 as compared to a decline of $232,169,000 in 1985.

Fiduciary fund types include expendable and nonexpendable trust funds, pension trust fund, and agency funds. Agency funds are custodial in nature and do not report fund balances. All other fiduciary fund types reported fund balances of $5,879,235,000 at June 30, 1986, as compared to $5,002,017,000 at June 30, 1985.

The total fund balance for the higher education fund was $1,231,362,000 at June 30, 1986, as compared to $1,127,520,000 at June 30, 1985.

## General Fixed Assets

The general fixed assets of the State are those used in the performance of general governmental functions and exclude the fixed assets of the proprietary fund type, fiduciary fund types and the higher education fund. As of June 30, 1986, the general fixed assets of the State amounted to $3,166,856,000. This amount represents the actual or estimated cost of the assets. Depreciation of general fixed assets is not recognized in the State's accounting system. Infrastructure assets, consisting principally of highways, roads and bridges are not recorded in the general fixed assets.

## Audits

The statutes of the State require an audit of every unit of the Executive and Judicial branches of government, including the Comptroller of the Treasury's records, by the Legislative Auditor at least every two years. The Legislative Auditor is required to be and is a certified public accountant. The Legislative Auditor makes fiscal, compliance and performance audits of the various agencies and departments of the State and issues a separate report covering each of those audits. Although certain of those reports include presentations of detailed financial data and contain expressions of opinion thereon, the audits are usually not made for that purpose. The primary purpose of the reports is to present the Legislative Auditor's findings relative to the fiscal management of those agencies and departments.

Additionally, my office requires an examination of the State's combined financial statements by a firm of independent certified public accountants selected by an audit committee composed of members from the Executive and Legislative branches of State government. This requirement has been complied with, and the auditor's opinion has been included in this report.

## Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement in Financial Reporting to the State of Maryland for its comprehensive annual financial report for the fiscal year ended June 30, 1985.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current comprehensive annual financial report continues to conform to Certificate of Achievement Program requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

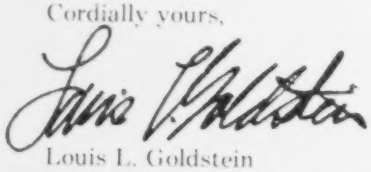
## Outlook

Economic conditions are favorable and continued expansion is expected during 1986 and 1987, thus indicating favorable revenue prospects for the 1987 fiscal year. Rising employment and income within the State should ensure that general fund revenues will grow at a rate consistent with budgeted general fund expenditures during the 1987 fiscal year.

As a result of legislation adopted by the General Assembly; beginning in fiscal year 1987 general fund revenues will be reduced through distribution of taxes on the net income of corporations to restore funds transferred from the Transportation Trust Fund to the Maryland Deposit Insurance Fund Corporation. These funds were transferred to accelerate repayment to depositors of amounts frozen in several failed nonfederally insured savings and loan associations. It is expected that this reduction will be fully offset by additional general fund revenues generated by behavioral responses to the 1986 Federal Tax Reform Act.

I will be pleased to furnish additional information on the State's finances upon request.

Cordially yours,



Louis L. Goldstein
Comptroller of the Treasury
of Maryland

# FINANCIAL SECTION

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World Trade Center
Suite 2600
Baltimore, MD 21202-3015
Telephone: 301 685-5151

Touche Ross

October 27, 1986

The Honorable Louis L. Goldstein
Comptroller of the Treasury of Maryland

We have examined the general purpose financial statements of the State of Maryland as of and for the year ended June 30, 1986, as listed in the Table of Contents. Our examination was made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. We did not examine the financial statements of the loan insurance programs and two loan programs of the Maryland Department of Economic and Community Development, Maryland Food Center Authority, Maryland Transportation Authority, Maryland State Lottery, and Maryland Higher Education Loan Corporation, which statements reflect total assets, revenues and expenses constituting 88 percent, 94 percent and 81 percent, respectively, of the related combined totals for Enterprise Funds. These statements were examined by other auditors whose reports thereon have been furnished to us, and our opinion expressed herein, insofar as it relates to the amounts included for the above mentioned units, is based only upon the reports of other auditors.

As discussed more fully in Note 14 to the financial statements, the State of Maryland Deposit Insurance Fund Corporation (MDIFC), an agency of the State, insures member savings and loan associations' savings deposits. At June 30, 1986, the financial statements of MDIFC reflect a deficiency in assets of $82,462,000, after accrual for estimated losses on insured savings deposits of $262,900,000. Any State funding of actual losses on insured deposits in excess of MDIFC's resources is dependent upon future legislative action. In addition, MDIFC is a party to several lawsuits, the outcome of which cannot presently be determined. As a result, the ultimate outcome of the savings and loan situation cannot be determined at this time. We have examined the financial statements of MDIFC as of June 30, 1986 (not separately presented herein but included in the combined Proprietary Fund Type financial statements) and in our report dated September 30, 1986, we expressed an opinion subject to the effects of such adjustments, if any, as might have been required had the outcome of the uncertainties discussed in the preceding sentences been known.

In our opinion, based upon our examination and the reports of other auditors, the general purpose financial statements referred to above present fairly the financial position of the State of Maryland at June 30, 1986, and the results of its operations and the changes in financial position of its Enterprise Funds, Nonexpendable Trust Fund and Pension Trust Fund for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Our examination was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining financial statements and schedules listed in the Table of Contents are presented for purposes of additional analysis and to meet legal reporting requirements and are not a required part of the general purpose financial statements of the State of Maryland. Except for the Schedules of Estimated Revenues and General, Special, Federal, Current Unrestricted and Current Restricted Fund Appropriations-Budgetary Basis for the year ending June 30, 1987 (pages 72 and 73), the information has been subjected to the auditing procedures applied in the examination of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

The other data included in this report have not been audited by us and, accordingly, we express no opinion on such data.

Touche Ross & Co.

Certified Public Accountants

Touche Ross International

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# GENERAL PURPOSE FINANCIAL STATEMENTS

# STATE OF MARYLAND

## Combined Balance Sheet

## All Fund Types and Account Groups

## June 30, 1986

(Expressed in Thousands)

| | Governmental Fund Types | | | | Proprietary Fund Type | Fiduciary Fund Types | Account Groups | | | Total (Memorandum Only) |
|---|---|---|---|---|---|---|---|---|---|---|
| | General | Special Revenue | Debt Service | Capital Projects | Enterprise | Trust and Agency | General Fixed Assets | General Long Term Debt | Higher Education | |
| Assets: | | | | | | | | | | |
| Cash and short-term investments | | $ 77,185 | $ 38,988 | $ 66,750 | $ 653,930 | $ 304,478 | | | $ 109,495 | $ 1,250,826 |
| Investments | $ 60,132 | 82,817 | 168,001 | | 389,302 | 5,605,918 | | | 75,245 | 6,381,415 |
| Amount on deposit with U.S. Treasury | | | | | | 483,075 | | | | 483,075 |
| Taxes receivable, net | 318,050 | 37,536 | 3,606 | | | 106,277 | | | | 465,469 |
| Intergovernmental receivables | 110,723 | 127,424 | | | 5,461 | | | | 26,060 | 269,668 |
| Tuition, net | | | | | | | | | 14,020 | 14,020 |
| Other accounts receivable | 18,306 | 17,591 | | | 9,741 | 38,350 | | | 46 | 84,034 |
| Due from other funds | 7,258 | | | | | 168,561 | | | | 175,819 |
| Inventories | | | | | 4,410 | 79 | | | 17,752 | 22,241 |
| Loans and notes receivable, net | 551 | | 71,344 | 12,027 | 1,137,078 | | | | 27,247 | 1,248,247 |
| Loans to other funds | 1,945 | | 10,802 | | | | | | | 12,747 |
| Property, plant and equipment, net | | | | | 1,673,236 | 1,385 | $ 4,166,856 | | 1,230,483 | 6,071,960 |
| Restricted assets | | | | | 183,554 | | | | | 183,554 |
| Deposits | | | | | 132,177 | | | | | 132,177 |
| Other assets | 451 | | | | 53,922 | | | | 2,601 | 56,974 |
| Amounts available in debt service fund for retirement of: | | | | | | | | | | |
| General obligation bonds | | | | | | | | $ 87,719 | | 87,719 |
| Transportation bonds | | | | | | | | 173,473 | | 173,473 |
| Amounts to be provided for: | | | | | | | | | | |
| Retirement of general obligation bonds | | | | | | | | 2,022,356 | | 2,022,356 |
| Retirement of transportation bonds | | | | | | | | 267,997 | | 267,997 |
| Retirement of accrued retirement costs | | | | | | | | 555,292 | | 555,292 |
| Retirement of accrued annual leave | | | | | | | | 71,345 | | 71,345 |
| Total assets, amounts available and amounts to be provided for retirement of bonds and accrued retirement costs and annual leave | $517,416 | $442,553 | $292,741 | $78,777 | $4,242,811 | $6,708,123 | $4,166,856 | $3,178,182 | $1,502,949 | $20,030,408 |
| Liabilities: | | | | | | | | | | |
| Deficiency in cash and short-term investments | $ 18,693 | | | | | | | | | $ 18,693 |
| Accounts payable and accrued liabilities | 223,308 | $170,049 | | $22,351 | $ 47,107 | $ 88,218 | | | $ 61,856 | 611,188 |
| Due to other funds | 168,561 | 1,944 | | | 697 | 4,617 | | | | 175,819 |
| Accounts payable to political subdivisions and local income tax refunds | 27,445 | 89,535 | | | | | | | | |
| Lottery prizes | | | | | | 316,509 | | | | 393,489 |
| Accrued insurance and loan losses | | | | | 88,098 | | | | | 88,098 |
| Accrued annual leave | | | | | 270,198 | 165,500 | | | | 435,698 |
| Other liabilities | | | | | | | | $ 71,345 | | 71,345 |
| | | | | | 31,518 | 10,922 | | | | 42,440 |

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Deferred compensation benefits payable | | | | | | 228,911 | | | | 228,911 |
| Deferred revenue | 22,511 | | | | 23,728 | 15,711 | | | 21,127 | 83,077 |
| Loans from other funds | | | | | 12,747 | | | | | 12,747 |
| Capital notes | | | | | 88,862 | | | | | 88,862 |
| Notes payable | | | | | 17,966 | | | | | 17,966 |
| Matured bonds and interest coupons payable | | | $10,084 | | | | | | | 10,084 |
| Liabilities payable from restricted assets | | | | | 17,188 | | | | | 17,188 |
| Deferred federal income taxes | | | | | 25,282 | | | | | 25,282 |
| Accrued retirement costs | | | | | | | 555,292 | 68,629 | | 623,921 |
| General obligation bonds payable | | | | | | | 2,110,075 | | | 2,110,075 |
| Transportation bonds payable | | | | | | | 441,470 | | | 441,470 |
| Revenue bonds and other notes payable | | | | | 1,681,525 | | | 76,694 | | 1,758,219 |
| Obligations under capital leases | | | | | | | | 43,482 | | 43,482 |
| Total liabilities | 460,518 | 221,528 | 10,084 | 22,351 | 2,304,916 | 828,888 | 3,178,182 | 271,587 | | 7,298,054 |
| Commitments and contingencies (Notes 14 16, and 17) | | | | | | | | | | |
| Fund equity: | | | | | | | | | | |
| Investment in fixed assets | | | | | | | $3,166,856 | | | 4,345,007 |
| Contributed capital | | | | | 971,208 | | | 1,178,151 | | 971,208 |
| Capital deposits by members | | | | | 144,224 | | | | | 144,224 |
| Retained earnings: | | | | | | | | | | |
| Reserved | | | | | 168,711 | | | | | 168,711 |
| Unreserved | | | | | 653,752 | | | | | 653,752 |
| Fund balances: | | | | | | | | | | |
| Reserved for: | | | | | | | | | | |
| Encumbrances | 77,043 | 2,351 | | 295,580 | | | | | | 374,974 |
| Loans and notes receivable | | | 21,465 | | | | | | | 21,465 |
| Loans to other funds | 1,945 | | | | | | | | | 1,945 |
| Shore erosion loan program | | | | 12,027 | | | | | | 12,027 |
| Pension benefits | | | | | | 5,227,244 | | | | 5,227,244 |
| Worker's compensation benefits | | | | | | 57,890 | | | | 57,890 |
| Unemployment compensation benefits | | | | | | 575,793 | | | | 575,793 |
| Unrealized market appreciation on investments | | | | | | | | | | |
| Higher education programs | | | | | | 18,308 | | | | 18,308 |
| Endowment and similar funds | | | | | | | | 32,157 | | 32,157 |
| Unreserved: | | | | | | | | 33,339 | | 33,339 |
| Designated for: | | | | | | | | | | |
| General long-term debt service | | | 87,719 | | | | | | | 87,719 |
| Transportation debt service | | | 173,473 | | | | | | | 173,473 |
| Agency activities | 110,997 | | | | | | | | | 110,997 |
| Undesignated (deficit) | (133,087) | 118,674 | | (251,181) | | | | | | (277,879) |
| Total fund equity | 56,898 | 121,025 | 282,657 | 56,426 | 1,937,895 | 5,879,235 | 3,166,856 | | (12,285) | 12,732,354 |
| Total liabilities and fund equity | $517,416 | $342,553 | $292,741 | $78,777 | $4,242,811 | $6,708,123 | $3,166,856 | $3,178,182 | $1,502,949 | $20,030,408 |

The accompanying notes to general purpose financial statements are an integral part of these financial statements.

## STATE OF MARYLAND

### Combined Statement of Revenues, Expenditures, Other Sources and Uses of Financial Resources and Changes in Fund Balances
### All Governmental Fund Types and Expendable Trust Fund
### for the year ended June 30, 1986
(Expressed in Thousands)

| | Governmental Fund Types | | | | Fiduciary Fund Types | Total (Memorandum Only) |
|---|---|---|---|---|---|---|
| | General | Special Revenue | Debt Service | Capital Projects | Expendable Trust | |
| Revenues: | | | | | | |
| Income taxes | $2,140,594 | | | | | $2,140,594 |
| Retail sales and use taxes | 1,189,603 | | | | | 1,189,603 |
| Motor vehicle taxes and fees | | $ 741,940 | | | | 741,940 |
| Other taxes | 531,258 | | $110,509 | | $370,791 | 1,012,558 |
| Other licenses and fees | 91,104 | | | | | 91,104 |
| Charges for services | 103,486 | 135,376 | | | | 238,862 |
| Interest and other investment income | 35,240 | 11,918 | 47,306 | | | 94,464 |
| Other | 162,324 | 10,065 | 744 | | | 173,133 |
| Gain on defeasance of transportation bonds | | | 53,337 | | | 53,337 |
| Federal revenue | 1,040,696 | 342,512 | | $ 3,459 | 20,054 | 1,406,721 |
| Total revenues | 5,294,305 | 1,241,811 | 211,896 | 3,459 | 390,845 | 7,142,316 |
| Expenditures: | | | | | | |
| Current: | | | | | | |
| General government | 248,951 | | | | | 248,951 |
| Education | 1,516,492 | | | | | 1,516,492 |
| Employment and training | | | | | 226,822 | 226,822 |
| Human resources | 674,346 | | | | | 674,346 |
| Health and mental hygiene | 1,406,629 | | | | | 1,406,629 |
| Transportation | | 544,004 | | | | 544,004 |
| Public safety and judicial | 471,621 | | | | | 471,621 |
| Economic and community development | 26,434 | | | | | 26,434 |
| Natural resources and recreation | 82,787 | | | | | 82,787 |
| Agriculture | 27,909 | | | | | 27,909 |
| Personnel and retirement | 21,273 | | | | | 21,273 |
| Intergovernmental | 257,819 | 150,700 | | 88,639 | | 497,158 |
| Debt service: | | | | | | |
| Principal retirement | | | 254,525 | | | 254,525 |
| Interest | | | 201,355 | | | 201,355 |
| Capital outlays | | 595,137 | | 90,379 | | 685,516 |
| Total expenditures | 4,734,261 | 1,289,841 | 455,880 | 179,018 | 226,822 | 6,885,822 |
| Excess (deficiency) of revenues over expenditures | 560,044 | (48,030) | (243,984) | (175,559) | 164,023 | 256,494 |
| Other sources (uses) of financial resources: | | | | | | |
| Proceeds from bonds | | 8,795 | | 124,585 | | 133,380 |
| Operating transfers in | 335,799 | 130,909 | 330,275 | 30,432 | | 827,415 |
| Operating transfers out | (839,128) | (167,916) | (55,906) | (23,086) | | (1,086,036) |
| Defeasance of transportation bonds | | | (354,865) | | | (354,865) |
| Net other sources (uses) of financial resources | (503,329) | (28,212) | (80,496) | 131,931 | | (480,106) |
| Excess (deficiency) of revenues over expenditures and net other sources (uses) of financial resources | 56,715 | (76,242) | (324,480) | 143,628 | 164,023 | (223,612) |
| Fund balances, July 1, 1985 | 183 | 197,267 | 607,137 | 100,054 | 411,770 | 1,316,411 |
| Fund balances, June 30, 1986 | $ 56,898 | $ 121,025 | $282,657 | $ 56,426 | $575,793 | $1,092,799 |

The accompanying notes to general purpose financial statements are an integral part of these financial statements.

# STATE OF MARYLAND

## Combined Statement of Revenues, Expenditures and Encumbrances, Other Sources and Uses of Financial Resources, and Changes in Fund Balances — Budget and Actual — Budgetary General, Special, Federal, Current Unrestricted and Current Restricted Funds (Note 3) for the year ended June 30, 1986

(Expressed in Thousands)

| | Budgetary Funds | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | General Fund | | | Special Fund | | | Federal Fund | | |
| | Final Budget | Actual | Variance Favorable (Unfavorable) | Final Budget | Actual | Variance Favorable (Unfavorable) | Final Budget | Actual | Variance Favorable (Unfavorable) |
| Revenues: | | | | | | | | | |
| Income taxes | $2,072,332 | $2,073,263 | $ 931 | $ 79,698 | $ 76,458 | $ (3,240) | | | |
| Retail sales and use taxes | 1,186,080 | 1,189,603 | 3,523 | | | | | | |
| Other taxes | 366,931 | 333,355 | (33,576) | 749,221 | 775,823 | 26,602 | | | |
| Licenses and fees | 52,861 | 63,918 | 11,057 | 122,664 | 131,178 | 8,514 | | | |
| Charges for services | 50,671 | 43,424 | (7,247) | 129,909 | 196,265 | 66,356 | | | |
| Interest and other investment income | 32,099 | 33,319 | 1,220 | 22,604 | 42,847 | 20,243 | | | |
| Other | 329,539 | 341,247 | 11,708 | 825,695 | 417,045 | (408,650) | | | |
| Federal revenue | 51,544 | 39,282 | (12,262) | | 53,061 | 53,061 | $1,587,855 | $1,417,168 | $(170,687) |
| Total revenues | 4,142,057 | 4,117,411 | (24,646) | 1,929,791 | 1,692,677 | (237,114) | 1,587,855 | 1,417,168 | (170,687) |
| Expenditures and encumbrances by major function: | | | | | | | | | |
| Payments of revenue to civil divisions of the State | 59,600 | 59,600 | | 37,045 | 36,118 | 927 | | | |
| Public debt | 113,000 | 113,000 | | 284,367 | 284,367 | | | | |
| Legislative | 26,826 | 25,936 | 890 | 54 | 22 | 32 | | | |
| Judicial review and legal | 102,881 | 101,753 | 1,128 | 1,103 | 1,050 | 53 | 855 | 772 | 83 |
| Executive and administrative control | 34,291 | 33,736 | 555 | 1,294 | 837 | 457 | 20,534 | 16,793 | 3,741 |
| Financial and revenue administration | 112,433 | 109,711 | 2,722 | 36,032 | 35,042 | 990 | | | |
| Budgetary and fiscal administration | 4,843 | 4,638 | 205 | 310 | 68 | 242 | | | |
| Personnel administration, retirement and employee relations | 18,828 | 18,418 | 410 | 15,872 | 14,874 | 998 | | | |
| State planning | 4,411 | 4,374 | 37 | 814 | 814 | | 350 | 36 | 314 |
| General services | 29,313 | 29,205 | 108 | 160 | 52 | 108 | | | |
| Transportation and highways | | | | 1,054,573 | 1,001,660 | 52,913 | 513,184 | 405,573 | 107,611 |
| Natural resources and recreation | 45,254 | 45,208 | 46 | 66,869 | 61,263 | 5,606 | 13,303 | 10,837 | 2,466 |
| Agriculture | 14,470 | 13,976 | 494 | 12,426 | 11,980 | 446 | 2,459 | 2,335 | 124 |
| Health, hospitals and mental hygiene | 996,188 | 995,751 | 437 | 34,542 | 30,452 | 4,090 | 395,024 | 385,679 | 9,345 |
| Human resources | 278,780 | 273,558 | 5,222 | 9,608 | 5,803 | 3,805 | 307,440 | 288,847 | 18,593 |
| Licensing and regulation | 74,745 | 74,604 | 141 | 281,724 | 257,588 | 24,136 | 2,687 | 2,623 | 64 |
| Public safety and correction services | 368,076 | 366,682 | 1,394 | 37,655 | 36,368 | 1,287 | 3,265 | 2,020 | $1,245 |
| Public education | 1,870,110 | 1,868,604 | 1,506 | 28,672 | 25,026 | 3,646 | 208,443 | 200,771 | 7,672 |
| Economic and community development | 20,237 | 19,461 | 776 | 26,579 | 20,916 | 5,663 | 17,742 | 16,590 | 1,152 |
| Employment and training | 3,823 | 3,638 | 185 | 92 | | 92 | 102,569 | 95,261 | 7,308 |
| Reversions: | | | | | | | | | |
| Current year reversions | (20,000) | | (20,000) | | | | | | |
| Prior year reversions | | (1,359) | 1,359 | | (804) | 804 | | (8,796) | 8,796 |
| Total expenditures and encumbrances | 4,158,109 | 4,160,494 | (2,385) | 1,929,791 | 1,823,496 | 106,295 | 1,587,855 | 1,419,341 | 168,514 |
| Changes in encumbrances during fiscal year 1986 | | (4,401) | 4,401 | | (6,170) | 6,170 | | (1,695) | 1,695 |
| Total expenditures | 4,158,109 | 4,156,093 | 2,016 | 1,929,791 | 1,817,326 | 112,465 | 1,587,855 | 1,417,646 | 170,209 |
| Excess (deficiency) of revenues over expenditures | (16,052) | (38,682) | (22,630) | | (124,649) | (124,649) | | (478) | (478) |
| Other sources (uses) of financial resources: | | | | | | | | | |
| Operating transfers in (out) | | 46,603 | 46,603 | | 50,004 | 50,004 | | 478 | 478 |
| Excess (deficiency) or revenues over expenditures and other sources (uses) of financial resources | (16,052) | 7,921 | 23,973 | | (74,645) | (74,645) | | | |
| Fund balances, July 1, 1985 | 69,286 | 69,286 | | 500,975 | 500,975 | | | | |
| Adjustment (Note 3) | | | | | | | | | |
| Fund balances, June 30, 1986 | $53,234 | $ 77,207 | $ 23,973 | $ 500,975 | $ 426,330 | $ (74,645) | $ -0- | $ -0- | $ -0- |

The accompanying notes to general purpose financial statements are an integral part of these financial statements.

—continued—

# STATE OF MARYLAND

## Combined Statement of Revenues, Expenditures and Encumbrances, Other Sources and Uses of Financial Resources, and Changes in Fund Balances — Budget and Actual — Budgetary General, Special, Federal, Current Unrestricted and Current Restricted Funds (Note 3) for the year ended June 30, 1986

(Expressed in Thousands)

| | Budgetary Funds | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Higher Education Funds | | | | | | Totals* (Memorandum Only) | | |
| | Current Unrestricted | | | Current Restricted | | | | | |
| | Final Budget | Actual | Variance Favorable (Unfavorable) | Final Budget | Actual | Variance Favorable (Unfavorable) | Final Budget | Actual | Variance Favorable (Unfavorable) |
| Revenues: | | | | | | | | | |
| Income taxes | | | | | | | $2,152,030 | $2,149,721 | $ (2,309) |
| Retail sales and use taxes | | | | | | | 1,186,080 | 1,189,603 | 3,523 |
| Other taxes | | | | | | | 1,116,152 | 1,109,178 | (6,974) |
| Licenses and fees | | | | | | | 175,525 | 195,096 | 19,571 |
| Charges for services | | | | | | | 180,580 | 239,689 | 59,109 |
| Interest and other investment income | | | | | | | 54,703 | 76,166 | 21,463 |
| Other | $776,185 | $819,869 | $43,684 | $167,820 | $163,616 | $(4,204) | 2,089,239 | 1,741,777 | (347,462) |
| Federal revenue | | | | | | | 1,639,399 | 1,509,511 | (129,888) |
| Total revenues | 776,185 | 819,869 | 43,684 | 167,820 | 163,616 | (4,204) | 8,603,708 | 8,210,741 | (392,967) |
| Expenditures and encumbrances by major function: | | | | | | | | | |
| Payments of revenue to civil divisions of the State | | | | | | | 96,645 | 95,718 | 927 |
| Public debt | | | | | | | 897,367 | 897,367 | |
| Legislative | | | | | | | 26,880 | 25,958 | 922 |
| Judicial review and legal | | | | | | | 104,839 | 103,575 | 1,264 |
| Executive and administrative control | | | | | | | 56,119 | 51,366 | 4,753 |
| Financial and revenue administration | | | | | | | 148,465 | 144,753 | 3,712 |
| Budgetary and fiscal administration | | | | | | | 5,153 | 4,706 | 447 |
| Personnel administration, retirement and employee relations | | | | | | | | | |
| State planning | | | | | | | 14,700 | 13,292 | 1,408 |
| General services | | | | | | | 5,575 | 5,224 | 351 |
| Transportation and highways | | | | | | | 29,473 | 29,257 | 216 |
| Natural resources and recreation | | | | | | | 1,567,757 | 1,407,733 | 160,024 |
| Agriculture | | | | | | | 125,426 | 117,308 | 8,118 |
| Health, hospitals and mental hygiene | | | | | | | 29,455 | 28,291 | 1,064 |
| Human resources | | | | | | | 1,425,754 | 1,411,882 | 13,872 |
| Licensing and regulation | | | | | | | 595,828 | 568,208 | 27,620 |
| Public safety and correction services | | | | | | | 459,156 | 434,815 | 24,341 |
| Public education | 776,185 | 771,691 | 4,494 | 167,820 | 162,629 | 5,191 | 408,996 | 405,070 | 3,926 |
| Economic and community development | | | | | | | 3,051,230 | 3,028,721 | 22,509 |
| Employment and training | | | | | | | 64,558 | 56,967 | 7,591 |
| Reversions: | | | | | | | 106,484 | 98,899 | 7,585 |
| Current year reversions | | | | | | | (20,000) | | (20,000) |
| Prior year reversions | | (234) | 234 | | (7) | 7 | | (11,200) | 11,200 |
| Total expenditures and encumbrances | 776,185 | 771,457 | 4,728 | 167,820 | 162,622 | 5,198 | 8,619,760 | 8,337,410 | 282,350 |
| Changes in encumbrances during fiscal year 1986 | | 3,856 | 3,856 | | 875 | (875) | | (15,247) | 15,247 |
| Total expenditures | 776,185 | 767,601 | 8,584 | 167,820 | 163,497 | 4,323 | 8,619,760 | 8,322,163 | 297,597 |
| Excess (deficiency) of revenues over expenditures | | 52,268 | 52,268 | | 119 | 119 | (16,052) | (111,422) | (95,370) |
| Other sources (uses) of financial resources: | | | | | | | | | |
| Operating transfers in (out) | | 18,484 | 18,484 | | (8) | (8) | | 115,561 | 115,561 |
| Excess (deficiency) of revenues over expenditures and other sources (uses) of financial resources | | 70,752 | 70,572 | | 111 | 111 | (16,052) | 4,139 | 20,191 |
| Fund balances, July 1, 1985 | | 27,404 | 27,404 | | 1,758 | 1,758 | 570,261 | 570,261 | |
| Adjustment (Note 3) | | | | | | | | 29,162 | 29,162 |
| Fund balances, June 30, 1986 | $ -0- | $ 98,156 | 898,156 | $ -0- | $ 1,869 | $ 1,869 | $ 554,209 | $ 603,562 | $ 49,353 |

*These totals are the sum of this page and the preceeding page.

The accompanying notes to general purpose financial statements are an integral part of these financial statements.

## STATE OF MARYLAND

### Combined Statement of Revenues, Expenses and Changes in Retained Earnings/Fund Balances Enterprise Funds, Nonexpendable Trust Fund and Pension Trust Fund for the year ended June 30, 1986

(Expressed in Thousands)

| | Proprietary Fund Type | Fiduciary Fund Types | | Total (Memorandum Only) |
|---|---|---|---|---|
| | Enterprise | Nonexpendable Trust Fund | Pension Trust Fund | |
| Operating revenues | | | | |
| Lottery ticket sales | $ 718,254 | | | $ 718,254 |
| Charges for services and sales | 127,246 | 866,976 | | 194,222 |
| Contributions | | | $ 622,649 | 622,649 |
| Interest and other investment income | 194,339 | 27,418 | 684,619 | 906,376 |
| Other | 15,791 | 15 | | 15,806 |
| Total operating revenues | 1,055,630 | 94,409 | 1,307,268 | 2,457,307 |
| Operating expenses | | | | |
| Prizes and claims | 340,470 | 71,586 | | 412,056 |
| Commissions and bonuses | 28,795 | | | 28,795 |
| Cost of sales and services | 36,464 | | | 36,464 |
| Operation and maintenance of facilities | 80,749 | | | 80,749 |
| General and administrative | 46,238 | 7,588 | 10,835 | 64,661 |
| Interest | 144,318 | | | 144,318 |
| Depreciation and amortization | 8,106 | 108 | | 8,214 |
| Benefit payments and refunds | | | 419,304 | 419,304 |
| Provision for insurance and loan losses | 94,104 | | | 94,104 |
| Other | 2,213 | | | 2,213 |
| Total operating expenses | 781,457 | 79,282 | 430,139 | 1,290,878 |
| Operating income before operating grants, transfers and extraordinary item | 274,173 | 15,127 | 877,129 | 1,166,429 |
| Non-operating revenues-operating grants | 38,125 | | | 38,125 |
| Operating transfers in | 156,907 | | | 156,907 |
| Operating transfers out | (323,423) | | | (323,423) |
| Extraordinary item: gain on bond defeasance | 24,901 | | | 24,901 |
| Net income | 170,683 | 15,127 | 877,129 | 1,062,939 |
| Add: Depreciation of cost of assets acquired from contributed capital | 1,319 | | | 1,319 |
| Increase in retained earnings fund balance | 172,002 | 15,127 | 877,129 | 1,064,258 |
| Retained earnings fund balance, July 1, 1985 | 650,461 | 52,219 | 4,350,115 | 5,052,795 |
| Increase in unrealized market appreciation of investments | | 8,852 | | 8,852 |
| Retained earnings fund balance, June 30, 1986 | $ 822,463 | 876,198 | 85,227,244 | 86,125,905 |

The accompanying notes to general purpose financial statements are an integral part of these financial statements.

## STATE OF MARYLAND

### Combined Statement of Changes in Financial Position
### Enterprise Funds, Nonexpendable Trust Fund and Pension Trust Fund
### for the year ended June 30, 1986

(Expressed in Thousands)

| | Proprietary Fund Type | Fiduciary Fund Types | | Total (Memorandum Only) |
|---|---|---|---|---|
| | Enterprise | Nonexpendable Trust Fund | Pension Trust Fund | |
| Sources of financial resources: | | | | |
| Operations: | | | | |
| Income before extraordinary item | $ 145,782 | $ 15,127 | $877,129 | $1,038,038 |
| Extraordinary item-gain on bond defeasance | 24,901 | | | 24,901 |
| Expenses not requiring current outlay of financial resources: | | | | |
| Depreciation and amortization | 8,106 | 108 | | 8,214 |
| Total sources of financial resources from operations | 178,789 | 15,235 | 877,129 | 1,071,153 |
| Increase in accounts payable and accrued liabilities | 2,460 | | 4,131 | 6,591 |
| Increase in lottery prizes | 29,304 | | | 29,304 |
| Issuance of revenue bonds | 554,125 | | | 554,125 |
| Decrease in restricted assets | 33 | | | 33 |
| Increase in current liabilities payable from restricted assets | 8,433 | | | 8,433 |
| Contributed capital | 763,720 | | | 763,720 |
| Total sources of financial resources | 1,536,864 | 15,235 | 881,260 | 2,433,359 |
| Uses of financial resources: | | | | |
| Increase (decrease) in investments | (181,407) | (67,581) | 865,748 | 616,760 |
| Increase in other accounts, loans and notes receivable | 241,524 | 6,060 | 18,777 | 266,361 |
| Increase in inventories | 1,561 | 4 | | 1,565 |
| Decrease in loans from other funds | 506 | | | 506 |
| Acquisition of fixed assets | 917,906 | 212 | | 918,118 |
| Increase in deposits | 132,177 | | | 132,177 |
| Decrease (increase) in accrued insurance and loan losses | 60,762 | (26,300) | | 34,462 |
| Repayment of notes payable | 20,955 | | | 20,955 |
| Retirement of revenue bonds | 34,287 | | | 34,287 |
| Defeasance of revenue bonds | 115,495 | | | 115,495 |
| Other, net | 7,832 | (7,782) | (3,265) | (3,215) |
| Total uses of financial resources | 1,351,598 | (95,387) | 881,260 | 2,137,471 |
| Net increase in unrestricted cash and short-term investments | $ 185,266 | $110,622 | $ -0- | $ 295,888 |

The accompanying notes to general purpose financial statements are an integral part of these financial statements.

## STATE OF MARYLAND

### Balance Sheet

### Higher Education Fund

### June 30, 1986

(Expressed in Thousands)

| | Current Funds | | | | Endowment and Similar Funds | Total |
|---|---|---|---|---|---|---|
| | Unrestricted | Restricted | Loan Funds | Plant Funds | | |
| Assets: | | | | | | |
| Cash and short-term investments | $ 85,401 | $ 923 | $ 2,550 | $ 20,278 | $ 143 | $ 109,295 |
| Investments | 102 | | | 40,088 | 35,055 | 75,245 |
| Intergovernmental receivables | | 26,060 | | | | 26,060 |
| Tuition, net of allowance of $3,751 | 14,020 | | | | | 14,020 |
| Other accounts receivable | | | 9 | 37 | | 46 |
| Inventories | 17,752 | | | | | 17,752 |
| Loans and notes receivable, net of allowance of $8,957 | | | 27,247 | | | 27,247 |
| Property, plant and equipment, net | | | | 1,230,483 | | 1,230,483 |
| Interfund balances | 6,859 | (17,827) | 23 | 10,945 | | |
| Other assets | 2,601 | | | | | 2,601 |
| Total assets | $126,735 | $ 9,156 | $29,829 | $1,301,831 | $35,398 | $1,502,949 |
| Liabilities: | | | | | | |
| Accounts payable and accrued liabilities | $ 51,436 | $ 4,656 | | $ 3,504 | $ 2,059 | $ 61,655 |
| Deferred revenue | 18,955 | 2,172 | | | | 21,127 |
| Accrued retirement costs | 68,629 | | | | | 68,629 |
| Revenue bonds and other notes payable | | | | 76,694 | | 76,694 |
| Obligations under capital leases | | | | 43,482 | | 43,482 |
| Total liabilities | 139,020 | 6,828 | | 123,680 | 2,059 | 271,587 |
| Commitments and Contingencies (Notes 16 and 17) | | | | | | |
| Fund balances: | | | | | | |
| Investment in fixed assets | | | | 1,178,151 | | 1,178,151 |
| Reserved for: | | | | | | |
| Sponsored research | | 2,328 | | | | 2,328 |
| Loans to students | | | 29,829 | | | 29,829 |
| Endowment and similar funds | | | | | 33,339 | 33,339 |
| Unreserved, undesignated (deficit) | (12,285) | | | | | (12,285) |
| Total fund balances (deficit) | (12,285) | 2,328 | 29,829 | 1,178,151 | 33,339 | 1,231,362 |
| Total liabilities and fund balances | $126,735 | $ 9,156 | $29,829 | $1,301,831 | $35,398 | $1,502,949 |

The accompanying notes to general purpose financial statements are an integral part of these financial statements.

## STATE OF MARYLAND

### Statement of Revenues, Expenses, Interfund Transfers, Operating Transfers and Changes in Fund Balances

### Higher Education Fund

### for the year ended June 30, 1986

(Expressed in Thousands)

| | Current Funds | | | | Endowment and Similar Funds | Total |
|---|---|---|---|---|---|---|
| | Unrestricted | Restricted | Loan Funds | Plant Funds | | |
| Revenues and other additions: | | | | | | |
| Student tuition and fees | $199,039 | $ 9 | | $ 550 | | $ 199,598 |
| Federal grants and contracts | 17,484 | 108,893 | $ 1,573 | 135 | | 128,085 |
| State and local grants and contracts | 1,895 | 34,592 | | 90 | | 36,577 |
| Private gifts, grants and contracts | 1,701 | 20,054 | 10 | 351 | $ 463 | 22,579 |
| Sales and services | 130,856 | 79 | | 1,929 | | 132,864 |
| Investment income | 7,973 | 1,187 | 24 | 2,328 | 613 | 12,125 |
| Realized gains on endowment investments | 2,293 | | | | 4,407 | 6,700 |
| Gain on disposition of property | | | | 3,695 | | 3,695 |
| Interest on loans receivable | | | 1,039 | | 17 | 1,056 |
| Patient service revenue | 1,077 | | | | | 1,077 |
| Other | 2,872 | 29 | 233 | 64 | | 3,198 |
| Total revenues | 365,190 | 164,843 | 2,879 | 9,142 | 5,500 | 547,554 |
| Expenses and other deductions: | | | | | | |
| Educational and general: | | | | | | |
| Instruction | 280,577 | 10,826 | | | | 291,403 |
| Research | 25,857 | 72,583 | | | | 98,440 |
| Public service | 16,591 | 8,284 | | | | 24,875 |
| Academic support | 56,560 | 793 | | | | 57,353 |
| Student services | 36,675 | 1,261 | 250 | | | 38,186 |
| Institutional support | 76,848 | 742 | | 430 | | 78,020 |
| Scholarships and fellowships | 9,514 | 32,639 | 16 | | 27 | 42,206 |
| Operation and maintenance of plant | 76,282 | 52 | | | | 76,334 |
| Auxiliary enterprises | 99,669 | 218 | | | | 99,887 |
| Hospital | 7,098 | 23,376 | | | | 30,474 |
| Non-capitalized expenditures for plant facilities | | | | 8,237 | | 8,237 |
| Loan cancellations, write-offs and refunds | 111 | | 1,607 | | | 1,718 |
| Disposal of property, plant and equipment | | | | 14,889 | | 14,889 |
| Interest on indebtedness | | | | 6,624 | | 6,624 |
| Other | | | 17 | 38 | 148 | 203 |
| Total expenses and other deductions | 685,782 | 150,784 | 1,890 | 30,218 | 175 | 868,849 |
| Higher Education interfund transfers—in (out): | | | | | | |
| Mandatory: | | | | | | |
| Principal and interest on revenue bonds | (555) | | | 555 | | |
| Loan fund matching grant | (439) | | 439 | | | |
| Debt service on capital leases | (13,700) | (24) | | 13,724 | | |
| Non-mandatory: | | | | | | |
| Remodeling, renewals and replacements | (37,128) | (12,740) | | 49,868 | | |
| Other | 182 | 43 | | (250) | 71 | |
| Total Higher Education interfund transfers | (51,640) | (12,767) | 439 | 63,897 | 71 | |
| Operating transfer from State's general and capital projects funds | 405,712 | | | 19,425 | | 425,137 |
| Net increase in fund balances | 33,480 | 1,292 | 1,428 | 62,246 | 5,396 | 103,842 |
| Fund balances (deficit), July 1, 1985 | (45,765) | 1,036 | 28,401 | 1,115,905 | 27,943 | 1,127,520 |
| Fund balances (deficit), June 30, 1986 | $(12,285) | $ 2,328 | $29,829 | $1,178,151 | $33,339 | $1,231,362 |

The accompanying notes to general purpose financial statements are an integral part of these financial statements.

**1. Financial Statements and Descriptions of Funds and Account Groups:**

A. *Financial Statements:*

The accompanying financial statements of the State of Maryland present the financial position of the various fund types and account groups, the results of operations of the various fund types, and the changes in financial position of the enterprise funds, nonexpendable trust fund and pension trust fund.

The financial statements include the various departments, agencies and other organizational units governed by the General Assembly and/or constitutional officers of the State of Maryland. The following criteria, as defined by the Governmental Accounting Standards Board, were utilized to determine the entity for the State of Maryland: selection of governing authority, appointment of management, constitutional officers' ability to significantly influence operations, accountability for fiscal operations and scope of public service.

The Deferred Compensation Plan, which was previously reported in the expendable trust fund, is now being reported as an agency fund in accordance with the Governmental Accounting Standards Board Statement 2. The July 1, 1985 balances for the expendable trust fund and agency funds have been restated to reflect this change.

B. *Fund Accounting:*

The financial activities are recorded in individual funds classified by type and described below. The financial position and operations of each fund are accounted for in separate self-balancing accounts which represent the fund's assets, liabilities, equity, revenues and expenditures or expenses.

*GOVERNMENTAL FUND TYPES*

*General Fund:*

Transactions related to resources obtained and used for those services traditionally provided by a state government, which are not accounted for in other funds, are accounted for in the general fund. The services include, among other things, general government, public safety and judicial, health and mental hygiene, human resources, licensing and regulation, and education (other than higher education institutions). Resources obtained from federal grants and used for activities accounted for in the general fund consistent with applicable legal requirements are recorded in the general fund.

*Special Revenue Fund:*

Transactions related to resources obtained, the uses of which are restricted to specific purposes, are accounted for in the special revenue fund. The special revenue fund includes resources used for operations (other than debt service) of the Maryland Department of Transportation Trust Fund, including construction or improvement of transportation facilities and mass transit operations.

*Debt Service Fund:*

Transactions related to resources obtained and used for the payment of interest and principal on general long-term debt obligations and transportation debt (other than Maryland Transportation Authority revenue bonds) are accounted for in debt service funds.

*Capital Projects Fund:*

Transactions related to resources obtained and used for the acquisition, construction or improvement of

certain capital facilities, including those provided to political subdivisions and other public organizations are accounted for in the capital projects fund. Such resources are derived principally from proceeds of general obligation bond issues, federal grants and operating transfers from the State's general fund.

The State enters into long-term contracts for construction of major capital projects and records the commitments as encumbrances. The State pays the cost of capital projects principally from resources obtained from general obligation bond proceeds, operating transfers from the general fund and federal grants. These resources are received, in many cases, after the long-term contracts are executed and recorded as encumbrances. Accordingly, the undesignated fund balance of the capital projects fund reflects a deficit. This deficit will be funded by future bond proceeds and capital appropriations from the general fund (see Note 8).

*PROPRIETARY FUND TYPE*

*Enterprise Funds:*

The enterprise funds include:

1. Economic Development:

   Direct loan and loan insurance programs of the Maryland Department of Economic and Community Development.

2. Maryland Food Center Authority, which owns and operates warehouse facilities for use by wholesale food distributors.

3. Maryland Transportation Authority, which constructs, maintains and operates transportation toll facilities.

4. Maryland State Lottery, which operates the State Lottery.

5. Maryland Environmental Service, which constructs, maintains and operates water supply and liquid and solid waste disposal facilities.

6. State Use Industries, which utilizes inmate labor from State correctional institutions to manufacture goods, wares and merchandise to be sold to State agencies, political subdivisions and charitable, civic, educational, fraternal or religious associations or institutions.

7. Maryland Higher Education Loan Corporation, which assists resident students in meeting costs of attending approved institutions by guaranteeing loans made by commerical lenders.

8. Maryland Deposit Insurance Fund Corporation, which insures the deposits of member state-chartered savings and loan associations.

*FIDUCIARY FUND TYPES*

Transactions related to assets held by the State in a trustee or agency capacity are accounted for in fiduciary fund types. Fiduciary fund types are comprised of:

1. The expendable trust fund reflects the transactions, assets, liabilities and fund equity of the Employment Security Administration. This fund is used to account for the unemployment taxes collected from employers, federal revenue received and remittance of benefits to the unemployed.

2. The nonexpendable trust fund reflects the transactions, assets, liabilities and fund equity of the State Accident Fund. The fund was established to provide workers' compensation insurance for participating employers in the State, including the State of Maryland.

3. The pension trust fund reflects the transactions, assets, liabilities and fund equities of the State administered retirement and pension systems.

4. Agency funds account for the receipt and disbursement of various taxes and federal grant proceeds collected by the State for distribution to the Federal government and political subdivisions, patient and prisoner accounts, and amounts withheld from employees and invested in the Deferred Compensation Plan (Plan) as directed by the employee. The assets of the Plan are available to the general creditors of the State.

*ACCOUNT GROUPS*

*General Fixed Assets Account Group:*

General fixed assets acquired or constructed for use by the State in the conduct of its activities, other than activities accounted for in the proprietary fund type, the nonexpendable trust fund and higher education fund, are reflected in the general fixed assets account group at the time of acquisition. As of June 30, 1980, the State established and recorded in the general fixed assets account group the estimated cost of general fixed assets based on available historical cost records. Activity subsequent to June 30, 1980, is recorded at cost. Donated fixed assets are recorded at their fair market value at the time donated. Infrastructure assets, consisting principally of highways, roads and bridges are not recorded in the general fixed assets account group.

*General Long-Term Debt Account Group:*

Unmatured long-term general obligation and transportation bonds payable and accrued leave and retirement costs related to general governmental activities are reflected in the general long-term debt account group.

*HIGHER EDUCATION FUND*

Transactions related to the financial activities of State higher education institutions are accounted for in the higher education fund. The financial statements of this fund have been prepared in accordance with the American Institute of Certified Public Accountants' Industry Audit Guide—Audits of Colleges and Universities and, accordingly, are presented as a discrete entity in a separate column in the combined balance sheet.

**2. Summary of Significant Accounting Policies:**

A. *All Funds:*

*Cash and Short-Term Investments:*

Substantially all cash and short-term investments are maintained by the State Treasurer on a pooled basis. Repurchase agreements, consisting principally of U. S. Government securities purchased with agreements to resell, are reported as cash and short-term investments. The State Treasurer takes possession of the U. S. government securities put up as collateral, which have a market value of approximately 120% of the principal. Certain funds have disbursed amounts in excess of their equity in the cash and short-term investments.

*Grants:*

Federal reimbursement type grants are recorded as revenues when the related expenditures, or expenses, are incurred.

*Retirement Costs:*

Substantially all State employees participate in one of seven State retirement systems (see Note 15). The State also provides retirement benefits to teachers and certain other employees of its political subdivisions. Retirement expenditures for governmental fund types represent amounts contributed by the State for the fiscal year. The excess amounts of actuarially determined retirement costs over the amounts recorded as expenditures are carried in the general long-term debt account group. For the proprietary fund type and higher education fund, retirement costs have been provided on the accrual basis predicated on actuarial valuations. The excess of retirement costs provided over amounts funded is carried as a liability in the respective funds.

*Employee Benefit Costs:*

Substantially all expenditures for pension, health and Federal Social Security benefits of governmental fund types, including approximately $375,088,000 of expenditures applicable to teachers and other employees of political subdivisions and $22,344,000 applicable to retired employees and their dependents, are reported as program expenditures in the respective funds. Material benefit costs applicable to the proprietary fund type and higher education fund are reflected as expenses in the appropriate funds.

Principally all full-time employees accrue annual leave based on the number of years employed up to a maximum of 25 days per calendar year. Earned annual leave may be accumulated up to a maximum of 45 days as of the end of each calendar year. Accumulated earned but unused annual leave for general government employees is accounted for in the general long-term debt account group. Liabilities for accumulated earned but unused annual leave applicable to proprietary fund type and the higher education fund are reported in the respective funds.

*Interfund Receivables and Payables:*

Interfund receivables and payables consist of the following at June 30, 1986 (amounts expressed in thousands):

| | |
|---|---|
| General fund: | |
| Due from: | |
| Special revenue fund | $ 1,944 |
| Agency funds— | |
| Local admissions and amusement taxes | 2,410 |
| Payroll taxes and fringe benefits | 2,207 |
| Enterprise fund - Maryland Higher Education Loan Corporation | 697 |
| | $ 7,258 |
| Due to: | |
| Agency funds -local income taxes | $168,561 |

*Total Memorandum Only:*

The "Total Memorandum Only" column represents an aggregation of the individual combined financial statements and does not represent consolidated financial information.

B. *Governmental Fund Types, Expendable Trust and Agency Funds:*

*Basis of Accounting:*

The accounts of the general, special revenue, debt service, capital projects, expendable trust and agency funds are maintained and reported using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are susceptible to accrual and recognized in the financial statements when they are measurable and available to finance operations during the year or liquidate liabilities existing at the end of the year. Material revenues susceptible to accrual include federal grants, income, sales and motor vehicle fuel and excise taxes. Expenditures are recognized when obligations are incurred as a result of receipt of goods and services. Modifications to the accrual basis of accounting include:

- Interest on long-term obligations reflected in the general long-term debt account group is recognized in the debt service funds when it becomes payable.
- Inventories of materials and supplies are recorded as expenditures when purchased. Such inventories are not material.
- Obligations for retirement costs and employees' vested annual leave and sick leave are recorded as expenditures when paid.
- Encumbrances represented by executed and unperformed purchase orders and contracts, which are approved by the Department of Budget and Fiscal Planning, are recorded as reservations of fund balance as of the end of the fiscal year.

*Investments:*

Investments of the Deferred Compensation Plan are stated at market value. All other investments are stated at cost, adjusted for amortization of premiums and accretion of discounts, plus accrued income. Repurchase agreements aggregating $589,426,000 (which approximates market value) at June 30, 1986, are reported as cash and short-term investments in governmental fund types.

*Intergovernmental Expenditures:*

Expenditures of general and special revenue fund revenues designated for payment to political subdivisions and bond proceeds granted to political subdivisions and other public organizations are recorded as intergovernmental expenditures. Direct grants and other payments to, or on behalf of, political subdivisions are recorded as current expenditures.

*Capital Outlays:*

Principally all capital expenditures for the acquisition or construction of State general fixed assets are reported as capital outlays in the capital projects fund.

*Reserved and Designated General Fund Balances:*

Loans receivable maturing after June 30, 1987, in the amounts of $1,945,000 are deemed to be not available for current operations; accordingly, the amount has been reflected as a reservation of general fund balance.

A portion of the general fund balance, in the amount of $110,997,000 at June 30, 1986, representing special budgetary and nonbudgeted agency resources, was designated for agency activities and programs.

*Expendable Trust Fund Balance:*

The fund balance of the expendable trust fund is restricted to the purpose of the fund.

C. *Enterprise Funds and Nonexpendable and Pension Trust Funds:*

*Basis of Accounting:*

The accounts of the enterprise funds, nonexpendable trust fund and pension trust fund are maintained and reported using the accrual basis of accounting.

*Investments:*

Investments of enterprise funds and the pension trust fund are stated at cost, adjusted for amortization of premiums and accretion of discounts, plus accrued income. Repurchase agreements aggregating $528,262,000 (which approximates market) at June 30, 1986, are reported as cash and short-term investments in the enterprise funds.

Short-term investments of the State Accident Fund are stated at cost, adjusted for amortization of premiums and accretion of discounts, plus accrued income. Short-term investments aggregating $125,953,000 (which approximates market) at June 30, 1986, consisting of U. S. Treasury Bills and commercial paper, are reported as cash and short-term investments. Other investments of the State Accident Fund, which are held for trading purposes and are not intended to be held until maturity, are stated at their market value of $126,489,000 (cost - $108,181,000). Realized gains and losses from the sale of other investments are credited or charged to income. Changes in unrealized market appreciation or depreciation are credited or charged to fund equity. Unrealized market appreciation or depreciation on other investments is reflected as a reservation of fund equity.

*Property, Plant and Equipment:*

Significant property, plant and equipment of enterprise funds are stated at cost.

The cost of property, plant and equipment used in the administration of Economic Development activities is charged to operations in the period acquired. Such amounts are not material.

Depreciation of the cost of property, plant and equipment of the Maryland Food Center Authority, Maryland State Lottery, Maryland Environmental Service, State Use Industries, Maryland Higher Education Loan Corporation, Maryland Deposit Insurance Fund Corporation and the nonexpendable trust fund is provided on the straight-line basis over estimated useful lives of 25 to 50 years for depreciable real property, 5 to 10 years for building improvements and 3 to 10 years for equipment. Repairs and maintenance are charged to operations in the period incurred. Replacements, additions and betterments are capitalized.

In accordance with retirement-replacement-betterment accounting principles, the cost of toll facilities is not depreciated. Repairs, maintenance and replacements are charged to operations in the period incurred. Additions and betterments are capitalized.

*Lottery Revenues and Prizes:*

Revenues and prizes of the Maryland State Lottery are generally recognized as drawings are held. Certain prizes are payable in deferred installments. Such liabilities are recorded at the present value of amounts payable in the future.

*Provisions for Insurance and Loan Losses:*

Current provisions are made for estimated losses resulting from insurance of loans and uncollectible loans. Loss provisions are based on the current status of insured and direct loans, including delinquencies, economic conditions, loss experience, estimated value of collateral and other factors which may affect their realization.

The Maryland Deposit Insurance Fund Corporation provides for insurance losses at the time a member savings and loan association requires financial assistance or when such assistance is anticipated. These amounts are reviewed periodically and adjusted as required based on the financial and economic conditions at the time.

Workers' compensation claims are recognized as expenses in the period incurred. Annually, the consulting actuary for the State Accident Fund estimates the liability for injuries incurred but not reported, the future liability on claims before the commission, and permanent awards. These liabilities are reported as accrued insurance losses.

*Inventories:*

Inventories of the Maryland Transportation Authority, State Use Industries and the nonexpendable trust fund are stated at the lower of cost, using the first-in, first-out method, or market.

*Enterprise Funds Reserved Retained Earnings:*

Retained earnings of the Maryland Transportation Authority in the amount of $161,433,000 are reserved for the payment of debt service related to the revenue bonds, major maintenance, project requirements and improvements, betterments, enlargements, or capital additions.

Retained earnings of the Maryland State Lottery in the amount of $7,208,000 are reserved for the payment of unclaimed prizes.

Retained earnings of the Maryland Environmental Service in the amount of $70,000 are reserved for furtherance of program development activities.

*Nonexpendable and Pension Trust Fund Balances:*

Fund balances of nonexpendable and pension trust funds are restricted to the purpose of the fund.

D. *Higher Education Fund:*

*Basis of Accounting:*

The accounts of the higher education institutions are maintained and reported on the accrual basis of accounting.

*Fund Accounting:*

The financial activities of the higher education institutions are recorded in funds which classify the various transactions by specified activities or objectives. Fund balances of such funds are reported as reserved for higher education programs and higher education general endowment and similar funds.

Unrestricted revenue is accounted for in the current unrestricted fund. Restricted gifts, grants, endowment income and other restricted resources are accounted for in the current restricted fund, loan funds, endowment and similar funds and plant funds. Revenue and expenses are reported in the current restricted fund when financial resources are used for the current operating purposes for which they have been provided. Transactions related to the various student loan programs operated by the educational institutions are accounted for in loan funds. Resources dedicated to the acquisition and investment in property, plant and equipment are accounted for in the plant funds. To the extent current funds are used to finance plant assets, the amounts so provided are accounted for as (1) expenses, in the case of normal replacement of movable equipment and library books; (2) mandatory transfers, in the case of required provisions for debt repayment and interest, and equipment renewals and replacements; and (3) transfers of a nonmandatory nature in all other cases.

General endowment funds are subject to the restrictions of gift instruments requiring the principal be invested in perpetuity and the income only be utilized. Term endowment funds are similar to general endowment funds except, upon the passage of a stated period of time or the occurrence of a particular event, all or part of the principal may be expended. Quasi-endowment funds have been established for the same purpose as general endowment funds, except any portion of quasi-endowment funds may be expended. The balances of the fund groups which comprise the endowment and similar funds are general endowment $27,434,000, term endowments $62,000, and quasi-endowments $5,843,000.

*Investments:*

Investments of the higher education institutions are stated at cost, adjusted for amortization of premiums and accretion of discounts, plus accrued income.

*Student Revenues:*

Student tuition and fees are fully recognized as revenues in the fiscal year in which the related courses or activities are principally conducted. Student tuition and fees applicable to future courses and activities and collected as of the end of the fiscal year are recorded as deferred revenue.

*Accounts and Notes Receivable:*

An allowance for doubtful receivables is provided for estimated losses expected to be incurred in collection. The estimated losses are based on historical collection experience and a review of the status of existing receivables.

*Inventories:*

Inventories are stated at the lower of cost, using the first-in, first-out method, or market.

*Plant:*

Property, plant and equipment are stated principally at cost at date of acquisition or fair value at date of donation in the case of gifts. Consistent with generally accepted accounting principles for colleges and universities, depreciation is not provided for the cost of plant assets.

*Operating Transfers from State's General Fund:*

A substantial portion of the higher education fund's current unrestricted expenses, including current payments for retirement costs and fringe benefits, are funded through appropriations from the general fund at the time the expenses are encumbered or paid. The current year retirement funding exceeded the expense, including amortization of unfunded liabilities over 40 years and interest thereon, by approximately $12,754,000; this excess reduced the liability for retirement costs recorded in the higher education fund. Accrued retirement costs are expected to be funded principally through future State appropriations.

**3. Budgeting and Budgetary Control:**

The Maryland Constitution requires the Governor to submit to the General Assembly an annual balanced budget for the following fiscal year. This budget is prepared and adopted for the following five Budgetary Funds:

*General Fund:*

The General Fund is the fund in which all general transactions of the State are recorded, unless otherwise directed to be included in another fund.

*Special Fund:*

The Special Fund includes all of the transportation activities of the State (except for the Maryland Transportation Authority), fishery and wildlife funds, shared taxes and payments of debt service on general obligation bonds, whereas the GAAP Special Revenue Fund includes only the operations (other than debt service) of the Maryland Department of Transportation Trust Fund.

*Federal Fund:*

The Federal Fund is the fund in which principally all grants from the Federal government are recorded.

*Higher Education Funds:*

Current Unrestricted Fund: Unrestricted revenue used or available for use in carrying out the current operations of the State's colleges and universities is accounted for in the current unrestricted fund.

Current Restricted Fund: Restricted gifts, grants and other restricted resources are accounted for in the current restricted fund.

Beginning in fiscal year 1986, the budgets for current operations of the State's colleges and universities were prepared and adopted on a GAAP basis. The fund balances for Current Unrestricted and Current Restricted funds, which previously were reported as Other Accounts, are shown as adjustments to beginning fund balances in the Combined Statement of Revenues, Expenditures and Encumbrances, Other Sources and Uses of Financial Resources and Changes in Fund Balances - Budget and Actual - Budgetary General, Special, Federal, Current Unrestricted and Current Restricted Funds.

In addition to the annual budget, the General Assembly adopts authorizations for the issuance of general obligation bonds and the expenditures of the funds obtained thereby are accounted for in the capital projects fund. Because capital projects fund authorizations are not part of the annual budget, capital projects fund activities are not presented in the Combined Statement of Revenues, Expenditures and Encumbrances, Other Sources and Uses of Financial Resources, and Changes in Fund Balances - Budget and Actual - Budgetary General, Special, Federal, Current Unrestricted and Current Restricted Funds.

All State budgetary expenditures for the general, special, federal, current unrestricted and current restricted funds are made pursuant to the appropriations in the annual budget, as amended from time to time by budget amendments. State governmental units may, with the Governor's approval, amend the appropriations by major function within the general fund, provided they do not exceed their total general fund appropriations as contained in the annual budget. Increases in general fund appropriations must be approved by the General Assembly. For the fiscal year ended June 30, 1986, the General Assembly approved increases in General Fund appropriations aggregating $78,788,000. Appropriations for programs funded in whole or in part from the special, federal, current unrestricted or current restricted funds may permit expenditures in excess of original special, federal, current unrestricted or current restricted fund appropriations to the extent that revenues from the particular special, federal, current unrestricted or current restricted fund sources exceed original budget estimates and such additional expenditures are approved by the Governor or, in case of the University of Maryland, the Board of Public Works. Unexpended appropriations from the general fund may be carried over to succeeding years to the extent encumbrances are approved by the Department of Budget and Fiscal Planning; all other appropriations lapse as of June 30, 1986. Unexpended appropriations from special, federal, current unrestricted and current restricted funds may be carried over to the extent of (a) available resources, and (b) encumbrances approved by the Department of Budget and Fiscal Planning.

The amended budget adopted by the General Assembly for the general, special, federal, current unrestricted and current restricted funds is presented in the Combined Statement of Revenues, Expenditures and Encumbrances, Other Sources and Uses of Financial Resources, and Changes in Fund Balances - Budget and Actual - Budgetary General, Special, Federal, Current Unrestricted and Current Restricted Funds. The State's budgetary fund structure and the basis of accounting used for budgetary purposes, which is the modified accrual basis with certain exceptions, differs from that utilized to present financial statements in conformity with generally accepted accounting principles. A summarization of the effect of the fund structure differences and exceptions to the modified accrual basis of accounting (amounts expressed in thousands) as of June 30, 1986, follows:

| | Total Budgetary Fund Equities and Other Accounts June 30, 1986 | Financial Statement Funds | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | General | Special Revenue | Debt Service | Capital Projects | Enterprise | Trust and Agency | Higher Education |
| Classification of budgetary fund equities and other accounts into GAAP fund structure: | | | | | | | | |
| General | $ 77,207 | $ 77,207 | | | | | | |
| Special revenue | 426,330 | 107,062 | $118,038 | $109,184 | $12,242 | $ 79,799 | | $ 5 |
| Current unrestricted | 98,156 | | | | | | | 98,156 |
| Current restricted | 1,869 | | | | | | | 1,869 |
| Other accounts (a): | | | | | | | | |
| Non-budgeted | 36,869 | 33,880 | 2,987 | | | 2 | | |
| Debt service transportation bonds | 173,473 | | | 173,473 | | | | |
| Capital projects | 121,385 | | | | 44,184 | 77,201 | | |
| Enterprise | 1,780,893 | | | | | 1,780,893 | | |
| Expendable trust | 575,793 | | | | | | $ 575,793 | |
| Nonexpendable trust | 76,198 | | | | | | 76,198 | |
| Pension trust | 5,227,244 | | | | | | 5,227,244 | |
| Higher education | 1,131,332 | | | | | | | 1,131,332 |
| Budgetary fund equities and other accounts classified into GAAP fund structure | $9,726,749 | 218,149 | 121,025 | 282,657 | 56,426 | 1,937,895 | 5,879,235 | 1,231,362 |
| Accounting principal differences: | | | | | | | | |
| Assets recognized in the GAAP financial statements not recognized for budgetary purposes: | | | | | | | | |
| Intergovernmental receivables | | 9,152 | | | | | | |
| Due from other funds | | 697 | | | | | | |
| Liabilities recognized in GAAP financial statements not recognized for budgetary purposes: | | | | | | | | |
| Accounts payable and accrued liabilities | | (15,020) | | | | | | |
| Deferred income tax revenue | | 12,481 | | | | | | |
| Local income taxes payable to local income taxes agency fund | | (168,561) | | | | | | |
| GAAP financial statement fund equities, June 30, 1986 | | $ 56,898 | $121,025 | $282,657 | $56,426 | $1,937,895 | $5,879,235 | $1,231,362 |

(a) The State's accounting system is maintained by the Comptroller in compliance with State Law and in accordance with the State's Budgetary Funds. In addition to the accounting systems maintained by the Comptroller, certain individual agencies which are not subject to the State budget maintain accounting systems which permit financial reporting on the basis of generally accepted accounting principles. The change in net assets of agencies whose accounting systems are not entirely maintained by the Comptroller are recorded in the State's accounting system as of June 30 each year.

**4. Investments:**

Investments (amounts expressed in thousands) as of June 30, 1986, consisted of:

| | Funds | | | | | |
|---|---|---|---|---|---|---|
| | General | Special Revenue | Debt Service | Enterprise | Fiduciary Fund Type | Higher Education |
| U. S. Treasury and Agency obligations | $57,749 | $82,817 | $168,001 | $271,426 | $ 37,808 | $47,641 |
| Certificates of deposit | 2,383 | | | 29,088 | | 159 |
| Commercial paper | | | | 6,632 | 44,190 | 3,969 |
| Corporate debt securities | | | | | 2,652,163 | 3,873 |
| Corporate equity securities | | | | | 2,289,653 | 18,087 |
| Annuity contracts | | | | 82,156 | 218,148 | |
| Other | | | | | 363,956 | 1,486 |
| Total | $60,132(a) | $82,817(a) | $168,001(b) | $389,302(c) | $5,605,918(d) | $75,245(e) |

(a) Market value approximates cost.

(b) Market value approximates $174,568,000.

(c) Market value approximates $419,156,000.

(d) Market value approximates $7,166,159,000.

(e) Market value approximates $82,209,000.

**5. Taxes Receivable:**

Taxes receivable (amounts expressed in thousands), as of June 30, 1986, consisted of the following:

| | Funds | | | |
|---|---|---|---|---|
| | General | Special Revenue | Debt Service | Trust and Agency |
| Income taxes, current employee withholdings held by employers | $204,928 | | | |
| Retail sales and use taxes, current taxes held by collectors | 107,819 | | | |
| Transportation taxes, principally motor vehicle fuel and excise | | $37,536 | | |
| Unemployment compensation taxes | | | | $106,277 |
| Other taxes, principally alcohol, tobacco and property | 5,951 | | $3,606 | |
| | 318,698 | 37,536 | 3,606 | 106,277 |
| Less allowance for doubtful accounts | 648 | | | |
| Taxes receivable, net | $318,050 | $37,536 | $3,606 | $106,277 |

**6. Loans and Notes Receivable:**

Loans and notes receivable (amounts expressed in thousands), as of June 30, 1986, consisted of the following:

| | Funds | | | | |
|---|---|---|---|---|---|
| | General | Debt Service | Capital Projects | Enterprise | Higher Education |
| Notes receivable for advances of general obligation bond proceeds: | | | | | |
| Political subdivisions: | | | | | |
| Public school construction | | $16,554 | | | |
| Other | | 18,420 | | | |
| Hospitals and nursing homes | | 36,034 | | | |
| Permanent mortgage loans | | | | $1,020,038 | |
| Savings and loan association loans | | | | 116,951 | |
| National direct student loans | | | | | $28,697 |
| Health profession loans | | | | | 7,009 |
| Shore erosion loans | | | $12,027 | | |
| Other | $551 | 1,515 | | 89 | 498 |
| | 551 | 72,523 | 12,027 | 1,137,078 | 36,204 |
| Less allowance for possible loan losses | | 1,179 | | | 8,957 |
| Loans and notes receivable, net | $551 | $71,344 | $12,027 | $1,137,078 | $27,247 |

Notes receivable for advances of general obligation bond proceeds bear interest at rates ranging from 3% to 11.1% and mature over the next 30 years. Notes receivable maturing after fiscal year 2001 in the amount of $21,465,000 are deemed to be not available for debt service because all related general obligation bonds are scheduled to be retired by that date. Accordingly, the amount has been reflected as a reservation of debt service fund balance. Such amounts will become available to fund debt service when the due date of the outstanding amounts becomes equal to or less than the maturity dates of general long-term debt.

Savings and loan association loans are purchased from or made to member associations of the Maryland Deposit Insurance Fund Corporation (see Note 14).

National direct student loans and health profession loans are made pursuant to student loan programs funded through the U. S. Government.

**7. Property, Plant and Equipment:**

Property, plant and equipment (amounts expressed in thousands) consisted of the following as of June 30, 1986:

*Enterprise Funds:*

| | Depreciable Assets | Non-depreciable Assets |
|---|---|---|
| Land and improvements (includes land being held for sale of $2,612) | | $ 8,831 |
| Structure and improvements | $31,004 | 1,632,146 |
| Equipment | 17,901 | 755 |
| Less accumulated depreciation | 17,401 | |
| Total | $31,504 | $1,641,732 |
| *Nonexpendable Trust Fund:* | | |
| Land | $ 164 | |
| Equipment, net of accumulated depreciation of $334 | 1,221 | |
| Total | $ 1,385 | |

*General Fixed Assets:*

General fixed assets activity by asset classification for the year ended June 30, 1986, was as follows (amounts expressed in thousands):

| Classification | Balance July 1, 1985 | Additions | Deletions | Transfers (in/out) | Balance June 30, 1986 |
|---|---|---|---|---|---|
| Land and improvements | $ 407,225 | $ 13,741 | $ 3,772 | $ 61,328 | $ 478,522 |
| Structure and improvements | 1,791,432 | 14,329 | 13,177 | 44,686 | 1,837,270 |
| Equipment | 468,819 | 52,721 | 23,510 | 51,418 | 549,448 |
| Construction in progress | 275,239 | 183,309 | | (157,432) | 301,616 |
| Total | $2,942,715 | $264,600 | $40,459 | $ -0- | $3,166,856 |

*Higher Education Fund:*

| | |
|---|---|
| Land | $ 51,796 |
| Building and improvements | 801,678 |
| Contents | 358,050 |
| Construction in progress | 18,959 |
| Total | $1,230,483 |

**8. General Obligation Bonds:**

General obligation bonds are authorized and issued primarily to provide funds for state owned capital improvements, including facilities for institutions of higher learning, and the construction of public schools in political subdivisions. Bonds have also been issued for local government improvements, including grants and loans for water quality improvement projects and correctional facilities, and to provide funds for repayable loans or outright grants to private, not-for-profit cultural or educational institutions. Under constitutional requirements and practice, the Maryland General Assembly, by a separate enabling act, authorizes a loan for a particular object or purpose. Thereafter the Board of Public Works, a constitutional body composed of the Governor, the Comptroller of the Treasury and the State Treasurer, by resolution authorizes the issuance of bonds in a specified amount for part or all of the loan authorized by a particular enabling act.

General obligation bonds, which are paid from the general obligation debt service fund, are backed by the full faith and credit of the State and, pursuant to the State Constitution, they must be fully paid within 15 years from the date of issue. Property taxes, debt service fund loan repayments and general fund appropriations provide the resources for repayment of general obligation bonds.

General obligation bonds outstanding and bonds authorized but unissued (amounts expressed in thousands) as of June 30, 1986, were as follows:

| Purpose | Outstanding | | Authorized But Unissued |
|---|---|---|---|
| | Interest Rates | Amount | Amount |
| General construction | 4.4% to 11.3% | $ 753,030 | $367,590 |
| Public school construction | 4.2 to 11.3 | 839,890 | 79,400 |
| Water quality | 4.4 to 11.0 | 126,915 | 138,200 |
| Sanitary facilities and sewage treatment | 4.2 to 11.0 | 14,065 | 4,300 |
| Hospitals and nursing homes | 4.5 to 11.3 | 6,205 | 30,600 |
| Community colleges and vocational schools | 4.4 to 11.0 | 32,790 | 13,600 |
| Airport development | 4.5 to 4.9 | 7,120 | |
| Housing loans | 4.4 to 11.3 | 68,855 | 13,753 |
| Jails and correctional institutions | 4.3 to 11.3 | 59,285 | 26,260 |
| Private colleges | 4.5 to 11.3 | 17,790 | 12,543 |
| Social, cultural and historical | 4.4 to 11.3 | 57,122 | 25,567 |
| Savings and loan association insurance loan | | | 100,000 |
| Other | 4.2 to 11.3 | 127,008 | 64,239 |
| | | $2,110,075 | $876,052 |

As of June 30, 1986, general obligation debt service requirements for principal and interest (amounts expressed in thousands) in future years were as follows:

| Years Ending June 30, | Total | Years Ending June 30, | Total |
|---|---|---|---|
| 1987 | $389,084 | 1995 | $152,142 |
| 1988 | 374,381 | 1996 | 139,070 |
| 1989 | 360,092 | 1997 | 123,969 |
| 1990 | 343,094 | 1998 | 99,202 |
| 1991 | 303,542 | 1999 | 47,614 |
| 1992 | 234,489 | 2000 | 32,612 |
| 1993 | 187,056 | 2001 | 15,261 |
| 1994 | 164,566 | | |

On July 24, 1986, General Obligation Bonds aggregating $164,645,000 were issued. The interest rates on this issue range from 6.5% to 6.7% and the bonds mature serially through 2001.

**9. Transportation Bonds:**

Transportation bonds outstanding (amounts expressed in thousands) as of June 30, 1986, were as follows:

| | Outstanding |
|---|---|
| Consolidated Transportation Bonds — 5.9% to 9.0%, due serially 1986 through 1997 | $142,000 |
| County Transportation Bonds — 5.5% Refunding Series, due May 15, 1993 | 155,725 |
| County Transportation Bonds — 5.3% to 11.0%, due serially through 1998 | 143,745 |
| | $441,470 |

Consolidated Transportation Bonds are limited obligations issued by the Department of Transportation for highway, port, airport or mass transit facilities or any combination of such facilities, the principal of which must be paid within 15 years from the date of issue. The outstanding aggregate principal amount of these bonds may not by law exceed $950,000,000. At June 30, 1986, the principal amount of additional bonds which may be issued under this limitation was $808,000,000.

Consolidated Transportation Bonds are paid from the transportation debt service fund except for the Bond Anticipation Notes (none outstanding at June 30, 1986) which are paid from the proceeds of Consolidated Transportation Bonds which are deposited in the special revenue fund. Principal of and interest on Consolidated Transportation Bonds are payable from the proceeds of certain excise taxes levied by statute and the corporate income tax credited to the Department. These amounts are applicable to the extent necessary for that exclusive purpose before being available for other uses by the Department. If those tax proceeds become insufficient to meet debt service requirements, other receipts of the Department are available for that purpose. The holders of such bonds are not entitled to look to other State resources for payment.

Under the terms of authorizing bond resolutions, additional Consolidated Transportation Bonds may be issued, provided, among other conditions, that (i) total receipts (excluding federal funds for capital projects, bond and note proceeds, income received from a sinking fund separately dedicated to the Refunding Bonds, and other receipts not available for debt service), less administration, operation and maintenance expenses, for the preceding fiscal year equal at least two times the maximum annual debt service on all Consolidated Transportation Bonds outstanding and to be issued and that (ii) total proceeds from pledged taxes equal at least two times the maximum annual debt service on all Consolidated Transportation Bonds outstanding and to be issued.

County Transportation Bonds are issued by the Department and the proceeds are used by participating counties and Baltimore City to fund local road construction, reconstruction and other transportation projects and facilities and to provide local participating funds for federally aided highway projects. Debt service on these bonds is payable from the counties' and Baltimore City's shares of highway user revenues.

By law, the Department may not issue County Transportation Bonds on behalf of a participant if such participants share of highway user revenues for the latest fiscal year is less than twice such participant's maximum annual debt service on County Transportation Bonds.

As of June 30, 1986, Transportation bond debt service requirements for principal and interest (amounts expressed in thousands) in future years were as follows:

| Years ending June 30, | Consolidated Transportation Bonds | County Transportation Bonds | Total Transportation Bond Debt Service Requirements |
|---|---|---|---|
| 1987 | $16,592 | $19,062 | $35,654 |
| 1988 | 17,031 | 19,492 | 36,523 |
| 1989 | 25,175 | 19,574 | 44,749 |
| 1990 | 24,992 | 19,657 | 44,649 |
| 1991 | 21,845 | 19,759 | 41,604 |
| 1992 | 19,781 | 19,816 | 39,597 |
| 1993 | 18,739 | 19,882 | 38,621 |
| 1994 | 17,694 | 19,889 | 37,583 |
| 1995 | 16,639 | 19,459 | 36,098 |
| 1996 | 9,797 | 19,510 | 29,307 |
| 1997 | 3,385 | 12,379 | 15,764 |
| 1998 | 4,140 | 11,561 | 15,701 |
| 1999 | | 6,819 | 6,819 |
| 2000 | | 4,122 | 4,122 |
| 2001 | | 1,030 | 1,030 |

On February 15 and May 25, 1978 the Department of Transportation issued Consolidated Transportation Bonds, Refunding Series 1978 and County Transportation Bonds First Issue Refunding Series 1978, respectively. The net proceeds of these issues, after underwriters' discounts and other financing expenses, in principal amounts aggregating $510,625,000 were used to purchase U. S. Government Securities sufficient to fully provide for the timely payment of $500,585,000 Consolidated Transportation Bonds, State Highway Construction and County Transportation Bonds. The U. S. Government Securities purchased to retire the Consolidated Transportation Bonds and State Highway Construction Bonds were deposited with escrow agents. As a result of these transactions, the refunded bonds are deemed to be retired and, accordingly, are no longer reported as long-term debt in the accompanying financial statements. At June 30, 1986, the refunded bonds outstanding were $102,355,000.

In December, 1985, the Department of Transportation undertook an exchange of certain securities which were being held in the Consolidated Transportation Bonds, Refunding Series 1978 Sinking Fund. In connection with this exchange, the Department recognized a gain of $53,337,000, while maintaining sufficient U. S. Treasury obligations to fully provide for the timely payment of $354,865,000 of Consolidated Transportation Bonds and interest thereon. As a result of this transaction and the subsequent escrow deposit agreement entered into with the State Treasurer as escrow fund agent, these bonds are defeased and are no longer reported as long-term debt in the financial statements. At June 30, 1986, the refunded bonds outstanding were $354,865,000.

On September 13, 1985, the Department undertook an exchange of certain securities which were being held in the County Transportation Bonds - First Issue, Refunding Series 1978 Sinking Fund. This exchange resulted in the purchase of a sufficient amount of U. S. Treasury obligations to provide for the timely payment of principal and interest on the refunding series. However, an agreement with an escrow fund agent has not been entered into as of June 30, 1986. As a result, the principal amount of $155,725,000 of County Transportation Bonds - First Issue, Refunding Series 1978 continues to be reported as outstanding as of June 30, 1986.

On August 7, 1986, additional Consolidated Transportation Bonds and County Transportation Bonds in the aggregate amount of $100,000,000 and $11,415,000, respectively, were issued by the Department. The interest rates on the Consolidated Transportation Bonds bonds range from 5.2% to 7.1% and mature serially through 2001. The interest rates on the County Transportation Bonds range from 5.3% to 7.25% and mature serially through 2001.

**10. Changes in General Long-Term Debt:**

Changes in general long-term debt (amounts expressed in thousands) for the year ended June 30, 1986, are summarized as follows:

| | General Obligation Bonds | Transportation Bonds | Accrued Retirement Costs | Accrued Annual Leave |
|---|---|---|---|---|
| Balance, July 1, 1985 | $2,231,295 | $ 796,260 | $560,322 | $64,517 |
| Bond issuances | 124,585 | 8,795 | | |
| Bond principal retirements | (245,805) | (8,720) | | |
| Defeasance of Transportation Bonds | | (354,865) | | |
| Excess of actuarially determined retirement costs over the amounts recorded as expenditures in governmental fund types | | | 10,856 | |
| Amortization of prior years' liability for unfunded retirement costs | | | (15,886) | |
| Net increase in accrued annual leave | | | | 6,828 |
| Balance, June 30, 1986 | $2,110,075 | $ 441,470 | $555,292 | $71,345 |

**11. Revenue Bonds, Notes Payable, Loans from Other Funds and Obligations Under Capital Leases:**

*A. Enterprise Funds:*

*Maryland Housing Fund (Fund):*

*Notes Payable:*

The Fund, an agency of the Department of Economic and Community Development, has issued a promissory note to the Community Development Administration in settlement of a multi-family claim for loss in return for Community Development Administration's assignment to the Fund of all its rights and remedies under the mortgage note, the deed of trust and all other agreements, certificates and guarantees related to the loan for which the insurance claim has been made. The note requires minimum monthly payments of principal and interest of $15,000 at an interest rate of 10.4% per annum. The balance is due and payable in full by March 31, 2006. The balance at June 30, 1986 is $1,690,000.

*Community Development Administration (Administration):*

*Revenue Bonds:*

The Administration, an agency of the Department of Economic and Community Development, has issued revenue bonds, the proceeds of which were used to provide funds for its various mortgage loan programs. Assets aggregating approximately $1,600,483,000 and revenues of each mortgage loan program are pledged as collateral for the respective revenue bonds and notes payable (see below). Interest rates range from 4.5% to 14% and the bonds mature serially through May 15, 2025. Maturities of principal (amounts expressed in thousands) are as follows:

| Years ending June 30, | Amount |
|---|---|
| 1987 | $ 29,520 |
| 1988 | 31,120 |
| 1989 | 32,720 |
| 1990 | 34,460 |
| 1991 | 34,745 |
| 1992 and thereafter | 1,307,100 |
| | $1,469,665 |

Substantially all bonds are subject to redemption provisions at the option of the Administration. Redemptions are permitted at rates ranging from 103% to 100% of outstanding principal amount at dates between 1986 and 2025.

In October of 1986, the Administration issued $49,130,000 of revenue bonds.

*Notes Payable:*

The aggregate amount of notes payable (amounts expressed in thousands) at June 30, 1986, consisted of:

| | |
|---|---|
| 1984 Series A Construction Loan Notes with interest of 7.75% due August 1, 1986 | $10,550 |
| 1985 Series A Multi-Family Construction Loan Notes with interest of 6.50% due November 15, 1987 | 5,726 |
| | $16,276 |

*Maryland Food Center Authority (Authority):*

*Loans from Other Funds:*

The Board of Public Works loaned to the Authority $4,000,000 which was obtained from the issuance of general obligation bonds of the State. The Authority is obligated to pay interest and principal on these bonds after all principal and interest has been repaid on any revenue bonds which may be issued by the Authority.

On May 2, 1969, the State issued bonds to provide $5,000,000 for a construction loan to the Authority. Repayment to the Board of Public Works will consist of principal and interest payments which began in 1984 and will conclude in 1996.

Total principal and interest (expressed in thousands) due to the State are summarized as follows:

| | |
|---|---|
| Greater Baltimore Regional Consolidated Wholesale Food Market Loan of 1967 | $ 5,577 |
| General Construction Loan | 4,430 |
| Debt assumed from New Marsh Wholesale Produce Market | 795 |
| | $10,802 |

*Maryland Transportation Authority (Authority):*

*Revenue Bonds:*

The Authority has issued Transportation Facilities Projects Revenue Bonds, Series 1985, which are payable solely from the revenues of the transportation facilities projects. Bonds outstanding (amounts expressed in thousands) as of June 30, 1986, consisted of:

| | |
|---|---|
| Serial bonds maturing in annual installments from $1,805 to $4,540 from July 1, 1987, through July 1, 2000 with interest rates ranging from 5.5% to 8.65%, payable semiannually | $ 40,545 |
| Term bonds with interest at 8.8%, payable semi-annually, due July 1, 2005 | 29,390 |
| Term bonds with interest at 9.0%, payable semi-annually, due July 1, 2015 | 114,195 |
| Term bonds with interest at 7.0%, payable semi-annually, due July 1, 2016 | 17,795 |
| | $201,925 |

Maturities of principal (amounts expressed in thousands) are as follows:

| Years ending June 30, | Amount |
|---|---|
| 1987 | $ 1,805 |
| 1988 | 1,905 |
| 1989 | 2,015 |
| 1990 | 2,150 |
| 1991 | 2,290 |
| 1992 and thereafter | 191,760 |
| | $201,925 |

The serial bonds maturing after July 1, 1995 are subject to redemption, at the Authority's option, beginning July 1, 1995. The redemption prices range, as a percentage of the principal amount, from 100% to 102%. The bonds maturing July 1, 2016 are subject to redemption, at the Authority's option, beginning July 1, 1995 at a redemption price of 100%. A portion of the bonds maturing on July 1, 2005, $22,480,000, are subject to redemption beginning in 2001. A portion of the bonds maturing July 1, 2015, $97,870,000, are subject to redemption beginning in 2006. The principal amortization requirements range from $4,930,000 to $14,975,000 per year.

In compliance with the Trust Agreement dated December 1, 1985 underlying the Transportation Facilities Projects Revenue Bonds, Series 1985, the Authority has established restricted accounts in the aggregate amount of $161,433,000 for the payments of debt service related to the revenue bonds, major maintenance, project requirements and improvements, betterments, enlargements or capital additions. Assets consisting of cash and short-term investments, $5,579,000; investments, $173,042,000; less current accounts payable, $17,188,000 have been restricted for such purposes.

In December 1985, the Authority placed in escrow $85,625,000 from the 1985 revenue bonds and approximately $4,972,000 from other funds. These deposits were used to purchase U.S. Government Securities with appropriate maturities such that the securities, together with interest accruing thereon, would service the previously outstanding debt of $115,495,000, along with $3,500,000 of accrued interest, thereby defeasing it. Accordingly, these escrow funds and the related liabilities for the refunded bonds are not recorded in the financial statements. At June 30, 1986 the refunded bonds outstanding were $115,495,000.

In connection with this defeasance, the Authority recognized a gain of $24,901,000 on the extinguishment of the previous debt. This gain has been classified as an extraordinary item in the financial statements.

In August 1981, the Authority entered into an agreement with the City of Baltimore to finance the non-Federal share (approximately $78,000,000) plus related interest of approximately $31,000,000, associated with the constuction of the Fort McHenry Tunnel. The Authority placed approximately $96,000,000 from the 1985 bond issuance into an escrow account to cover these costs and expects to recover its costs through future net toll revenues of the tunnel.

*Maryland Environmental Service (Service):*

*Revenue Bonds:*

The Service has issued revenue bonds for the construction of certain projects. The bonds bear interest at rates ranging from 5% to 8.45% and are collateralized by the assets and revenues of the projects and any other revenues of the Service that are not otherwise pledged. All rights, title and interest in the related property, plant and equipment remains with the Service until expiration or completion of the project and repayment of the revenue bonds. Thereafter, title to the assets passes to the governmental unit served by the projects. Maturities of principal (amounts expressed in thousands) are as follows:

| Years ending June 30, | Amount |
|---|---|
| 1987 | $ 506 |
| 1988 | 1,157 |
| 1989 | 744 |
| 1990 | 746 |
| 1991 | 748 |
| 1992 and thereafter | 6,034 |
| | $9,935 |

*State Use Industries:*

*Loans From Other Funds:*

In July 1982, the General fund loaned State Use Industries $2,000,000. The loan bears no interest and is repayable as operational earnings permit with no time limit. The balance at June 30,1986 is $1,945,000.

*Maryland Deposit Insurance Fund Corporation:*

*Notes Payable:*

The notes payable of $88,862,000 represent promissory notes payable to member savings and loan associations (see Note 14).

*B. Higher Education Fund:*

*Long-Term Debt:*

Certain State colleges have issued revenue bonds and mortgage loans payable for the acquisition and construction of student housing and other facilities. Student fees and other user revenues collateralize the revenue bonds. The mortgage loans payable are collateralized by real estate. Interest rates range from 3% to 7.5% on the revenue bonds and 3% to 10% on the mortgage loans payable. Maturities of principal, (amounts expressed in thousands) are as follows:

| Years ending June 30, | Revenue Bonds | Mortgages | Total |
|---|---|---|---|
| 1987 | $ 2,155 | $ 271 | $ 2,426 |
| 1988 | 2,265 | 325 | 2,590 |
| 1989 | 2,389 | 338 | 2,727 |
| 1990 | 2,510 | 322 | 2,832 |
| 1991 | 2,655 | 338 | 2,993 |
| 1992 and thereafter | 58,897 | 4,229 | 63,126 |
| | $70,871 | $5,823 | $76,694 |

As of June 30, 1985, the University of Maryland had outstanding $55,000,000 of variable rate demand bonds issued April 23, 1985, which were subject to mandatory and optional redemption. The University had the option to convert all or part of the bonds to a fixed rate of interest.

On May 1, 1986 the University converted all variable rate demand bonds then outstanding ($53,800,000) to a fixed annual rate of interest ranging from 4.75% to 7.30% maturing serially on April 1 of each year from 1987 to 2005. Interest on the bonds is payable semi-annually each October 1 and April 1 commencing October 1, 1986, except that the initial interest payment will be for the five month period beginning with the date of conversion, May 1, 1986. An irrevocable letter of credit issued by a bank in connection with the variable rate bond issue was terminated upon conversion of the bonds.

The bonds issued are the debt and obligation of the University and are not a debt and obligation of, or pledge of, the faith and credit of the State.

*Obligations Under Capital Leases:*

Obligations under capital leases of $43,482,000 exist as of June 30, 1986 bearing interest at annual rates ranging from 6.5% to 17.5%. The following is a schedule of annual future minimum payments under these obligations, along with the present value of the related net minimum payments as of June 30, 1986 (amounts expressed in thousands):

| Years ending June 30, | Amount |
|---|---|
| 1987 | $ 8,335 |
| 1988 | 7,705 |
| 1989 | 7,063 |
| 1990 | 6,718 |
| 1991 | 5,512 |
| 1992 and thereafter | 97,717 |
| Total future minimum payments | 133,050 |
| Less amount representing interest | 89,568 |
| Present value of net minimum lease payments | $ 43,482 |

**12. Contributed Capital:**

The changes in contributed capital of the enterprise funds (amounts expressed in thousands) for the year ended June 30, 1986, are as follows:

| | Economic Development | | | | | |
|---|---|---|---|---|---|---|
| | Insurance Programs | Loan Programs | Maryland Transportation Authority | Maryland Environmental Service | State Use Industries | Total |
| Balance, July 1, 1985 | $62,793 | $127,220 | $ 4,331 | $14,067 | $396 | $208,807 |
| Contributions | 2 | 7,179 | 759,454 (a) | 937 | | 767,572 |
| Loss on disposal of contributed assets | | (3,852) | | | | (3,852) |
| Depreciation on contributed assets | | | | (1,317) | (2) | (1,319) |
| Balance, June 30, 1986 | $62,795 | $130,547 | $763,785 | $13,687 | $394 | $971,208 |

(a) Represents the Federal share of construction costs of the Fort McHenry Tunnel, which was completed during the fiscal year.

## 13. Segment Information — Enterprise Funds:

Activity segments included in enterprise funds are described in Note 1B. Selected financial information (amounts expressed in thousands) with respect to these segments is as follows:

| | Segments | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Economic Development | | Warehouse Development and Rentals | Toll Facilities (Maryland Transportation Authority) | Lottery | Water Supply Waste Disposal | Manufacturing | Student Loan Insurance Program | Savings and Loan Deposit Insurance |
| | Insurance Programs | Loan Programs | | | | | | | |
| Operating revenues | $ 12,495 | $ 150,761 | $ 2,959 | $ 108,456 | $723,405 | $16,965 | $11,569 | $ 7,611 | $ 21,409 |
| Depreciation and amortization | | 1,503 | 393 | 288 | 4,238 | 1,387 | 214 | 20 | 63 |
| Operating income (loss) | 8,591 | 5,473 | 523 | 39,287 | 325,057 | (1,519) | 983 | (25,277) | (78,945) |
| Operating grants | | 12,446 | | | | | 122 | 25,557 | |
| Operating interfund transfers: | | | | | | | | | |
| In | | 324 | | | | | | 397 | 156,186 |
| Out | | | | | (323,423) | | | | |
| Net income (loss) | 8,591 | 18,243 | 523 | 64,188 | 1,634 | (1,519) | 1,105 | 677 | 77,241 |
| Current capital contributions | 2 | 7,179 | | 759,454 | | 937 | | | |
| Property, plant, and equipment: | | | | | | | | | |
| Additions | | | 856 | 916,992 | 2,408 | 503 | 490 | 8 | |
| Deletions | | 3,333 | | | | | | | 18 |
| Total assets | 123,578 | 1,800,668 | 24,275 | 1,828,526 | 106,298 | 27,705 | 8,067 | 26,294 | 297,400 |
| Bonds and other long-term liabilities: | | | | | | | | | |
| Payable from other sources | 1,690 | 16,276 | | | | | | | 88,862 |
| Payable from operating revenues | | 1,469,665 | | 201,925 | | 9,935 | | | |
| Total capital (deficit) | 112,806 | 250,613 | 8,209 | 1,606,303 | 13,434 | 14,017 | 3,675 | 11,300 | (82,462) |

## 14. State of Maryland Deposit Insurance Fund Corporation:

During the first half of calendar year 1985, several State-chartered savings and loan associations, whose deposits were insured by the Maryland Savings-Share Insurance Corporation (MSSIC), experienced unusually heavy withdrawals of funds by depositors. This situation caused a substantial decline in the liquid assets held by some associations and, as a result, MSSIC was appointed by the Circuit Court of Baltimore City to act as conservator for two of the associations. On May 17, 1985, the Governor of the State of Maryland convened a special session of the Maryland General Assembly which enacted legislation creating the State of Maryland Deposit Insurance Fund Corporation (MDIFC), an agency of the State of Maryland Department of Licensing and Regulation and the successor by statutory merger to MSSIC.

On May 18, 1985, all savings and loan associations that were members of MSSIC automatically became members of MDIFC. MDIFC insures members' savings deposits deposited prior to that date up to $100,000 per account and amounts deposited after that date up to the amount insured by the Federal Savings and Loan Insurance Corporation (FSLIC).

The savings accounts of all associations operating in the State must be insured by either MDIFC or FSLIC. The enabling legislation required that a member association with total assets of $40,000,000 or more apply for FSLIC insurance on or before June 1, 1985 and be approved no later than December 31, 1985. It may remain a member of MDIFC past that date only under certain terms and conditions approved by the State. An association with total assets of at least $15 million but less than $40,000,000 is not eligible for new or continued membership on or after July 1, 1987. An association with total assets of less than $15,000,000 is not eligible for new or continued membership in MDIFC after July 1, 1989.

Emergency legislation enacted in the special session also gave authority to the Maryland Board of Public Works to issue, at its discretion, general obligation bonds of the State not to exceed the aggregate principal amount of $100,000,000. Bond proceeds may be provided to MDIFC or to the Savings and Loan Association Capital Stabilization Fund (the "Fund"), a special non-lapsing fund established by the legislation. The Fund may be applied at the discretion of the Governor to purchase net worth certificates of any Maryland chartered savings and loan association if, in the opinion of the Secretary of Licensing and Regulation, by so doing the association will qualify for insurance of its deposits and accounts by FSLIC. Net worth certificates are special capital instruments which MDIFC-insured associations are authorized to issue for the purpose of increasing their capital. The Board of Public Works may authorize the purchase of such certificates in exchange for

money, bond anticipation notes, or other obligations of the State in consideration for the net worth certificates. The net worth certificates give the State the right to exercise significant operational control over the association and may be convertible into stock of a capital stock association. As of June 30, 1986, none of the authorized $100,000,000 general obligations bonds had been issued. During the fiscal year, net worth certificates totalling $26,410,000 were purchased from seven associations in exchange for a like principal amount of bond anticipation notes of the State. In April 1986, bond anticipation notes of $11,250,000 were cancelled when an association redeemed its net worth certificates after qualifying for insurance by FSLIC. At June 30, 1986, bond anticipation notes in the amount of $15,160,000 were outstanding. Each of the bond anticipation notes mature three years after its date of issuance, subject to prior redemption at par at any time at the option of the State, and bear interest, payable annually, at rates of 8.1% to 9.3%. The net worth certificates bear interest at 1.5% above the bond anticipation notes. The State does not intend to redeem the net worth certificates nor to issue general obligation bonds in connection with these transactions and, accordingly, the net worth certificates and bond anticipation notes have not been recorded in the State's financial statements. Interest received on net worth certificates and interest paid on bond anticipation notes during fiscal year 1986 are recorded in the general obligation debt service fund. Each of the six associations have presented plans acceptable to the State to redeem their net worth certificates within three years.

The emergency legislation also gave the Governor and others certain emergency powers. As of October 27, 1986, three savings and loan associations are in receivership. The deposits at these associations have been frozen and earn no interest pending liquidation of the associations' assets. Also, as of this date, one other savings and loan association is under conservatorship. By order of the Circuit Court, the savings deposits held by this association under conservatorship have been frozen and are to earn interest at the contract rate for unmatured certificates of deposit and at 5.25% per annum for all other accounts. The Governor has also limited withdrawals from four other associations not insured by FSLIC to $1,000 per month per account.

On October 17, 1985, the Governor convened a second special session of the General Assembly which enacted legislation allowing out-of-state bank holding companies until June 1, 1986 to acquire one or more savings and loan associations and convert them into commercial banks. The acquired association(s) must have been placed into conservatorship before October 15, 1985 or been the subject of withdrawal restrictions before that date, and the aggregate total savings account liability of the association(s) to be acquired must exceed $450,000,000 as of June 1, 1985, or, if less than that amount but greater than $250,000,000, the acquisition must meet certain statutory criteria and be concurred in by the Governor.

Effective October 31, 1985, Chase Manhattan Corporation acquired three savings and loan associations with total savings deposits of approximately $500,000,000, one of which was in conservatorship and two of which had withdrawal restrictions. MDIFC agreed to pay Chase Manhattan $25,000,000 on that date and to refund the members' capital notes totalling $4,060,000 from the Central Reserve Fund by December 31, 1986. Chase Manhattan repaid $58,100,000 of loans outstanding to MDIFC and relinquished all claims to the association's capital deposits totalling $11,479,000 with MDIFC.

On May 13, 1986, Mellon Bank acquired the insured depositor accounts of approximately $322,500,000 and certain assets of a member association in receivership. MDIFC agreed to pay Mellon $131,000,000 on that date and to refund the member's capital note of $6,156,000 from the Central Reserve Fund by December 31, 1986. At the end of three years, certain assets acquired by Mellon will be appraised and the receivership will share in any gains or losses over adjusted book value. The receivership may also be required to repurchase certain other assets at the end of three years for their adjusted book value. If the receivership fails to make any required payment to Mellon, then MDIFC will make the required payment and will receive subrogation of Mellon's claim against the receivership. MDIFC has secured its obligation to make payments to Mellon by pledging to Mellon $46,700,000 of bond anticipation notes of the State issued to MDIFC. Since the bond anticipation notes were issued only as collateral for the aforementioned guarantee and the State does not intend to issue general obligation bonds in connection with the bond anticipation notes, such notes have not been recorded in the financial statements of the State as of June 30, 1986.

A member association with total savings deposits of approximately $39,400,000 merged with Carteret Savings Bank, F. A. effective June 6, 1986. MDIFC's assistance related to this merger was minimal.

During fiscal year 1986, the State provided $155,000,000 of funds that were used in connection with a distribution to depositors of a member association in receivership and as part of the cash payment to Mellon Bank in connection with their acquisition of an insured association. MDIFC received transfers from the

State's General Fund and the Transportation Trust Fund totaling $55,000,000 and $100,000,000, respectively. Under legislation adopted by the General Assembly, the funds transferred from the Transportation Trust Fund to MDIFC together with $29,000,000 of funds transferred to the State's General Fund during fiscal year 1984, will be restored to the Transportation Trust Fund through distribution of corporate income tax revenues. The distributions will amount to $2,500,000 per month from January, 1987 through June, 1988 and $3,000,000 per month from July, 1988 through October, 1990.

The balance sheet of MDIFC at June 30, 1986 includes $132,177,000 of deposits resulting from a distribution to depositors of a member association in receivership and the purchase of certain assets from another member association. The distribution totalled $110,789,000 and was made in accordance with the Governor's General Distribution Plan, approved on March 5, 1986. MDIFC received subrogation of the depositor's rights to their share of proceeds from the liquidation of the association's net assets in an amount equal to the distribution. During the fiscal year, MDIFC also acquired $21,388,000 of certain assets from a former member association primarily in settlement of a lawsuit.

In August 1986, a distribution of $72,000,000 was made to depositors of a member association in receivership. The distribution was partially funded by a transfer of $15,000,000 from the State of Maryland General Fund and borrowings of $15,000,000 from a bank. The loan bears interest at 5/8 of prime and is collateralized by a bond anticipation note of the same amount.

In the wake of the savings and loan crisis discussed above, an allowance for estimated insurance losses of $262,900,000 at June 30, 1986 has been established; however, MDIFC's ultimate liability, if any, cannot presently be determined.

Additionally, MDIFC and MSSIC are parties to several lawsuits, and, in the opinion of the Attorney General of the State of Maryland, the outcome of the litigation cannot presently be determined. Furthermore, there may be additional future litigation involving MDIFC. Additionally, MSSIC, although exempt from State of Maryland income taxes, was subject to Federal income taxation. MSSIC's Federal income tax return for the year 1971 was examined by the Internal Revenue Service to determine the propriety of the loss reserve provision. The matter was decided adversely by the U. S. Court of Claims in February, 1981. In September, 1982, MSSIC received a Notice of Tax Deficiency from the Internal Revenue Service relating to the years 1974 through 1980. Additionally, in July, 1984, a Notice of Tax Deficiency relating to the years 1981 and 1982 was received. A petition for redetermination of the proposed deficiency was filed with the U. S. Tax Court and the case was tried in December, 1984. A decision has not yet been reached. The primary issue addressed in the court case is the propriety of the loss reserve provision. In the opinion of management of MDIFC, adequate provision has been made to cover any additional tax liabilities that may result from the outcome of this litigation.

A condensed balance sheet of MDIFC as of June 30, 1986 is as follows (amounts expressed in thousands):

| | |
|---|---|
| Assets: | |
| Cash and investments | $ 48,128 |
| Loans and notes receivable | 116,951 |
| Deposits | 132,177 |
| Other Assets | 144 |
| | $297,400 |
| Liabilities: | |
| Estimated loss on insured savings deposits | $262,900 |
| Capital notes | 88,862 |
| Deferred federal income taxes | 25,282 |
| Other liabilities | 2,818 |
| | 379,862 |
| Deficiency in Assets: | |
| Capital deposits by members | 144,224 |
| Deficit | (226,686) |
| | (82,462) |
| | $297,400 |

**15. Retirement and Pension Systems:**

As of June 30, 1986, the State of Maryland had employee retirement and pension programs as follows:

"Retirement Systems"—for employees, teachers and State police—retirement programs for substantially all State employees, teachers and State police who are not members of the State Pension System.

"Pension Systems"—for employees and teachers—retirement programs for employees and teachers hired after January 1, 1980, and prior employees who have elected to transfer from the Retirement Systems.

"Judges' Pension System"—retirement program for State judges.

"Mass Transit Administration Pension Plan"—a retirement program for certain employees of the Mass Transit Administration.

All Retirement and Pension Systems, other than the Mass Transit Administration Pension Plan, are jointly contributory. Employee contributions are established at fixed percentages of total employee compensation, except for the Pension Systems where employee contributions are established at fixed percentages of employee compensation in excess of the F.I.C.A. taxable wage base. The Mass Transit Administration Pension Plan is a pay-as-you-go plan and requires no employee contributions.

The consulting actuary for the retirement and pension systems, other than the Mass Transit Administration Pension Plan, prepared valuations as of June 30, 1985, using the entry age actuarial cost method. Retirement costs for 1986 on this basis aggregated approximately $414,975,000 for governmental fund types and $32,899,000 for the higher education fund, including amortization of unfunded liabilities over 40 years and interest thereon. Such amortization is being calculated using the straight-line method which began in fiscal year 1981.

The consulting actuary for the Mass Transit Administration Pension Plan prepared a valuation as of June 30, 1986, using the entry age normal cost method. Retirement costs for 1986 on this basis aggregated approximately $5,200,000 for governmental fund types, including amortization of unfunded liabilities over 30 years.

Retirement expenditures applicable to governmental fund types for the year ended June 30, 1986, aggregated approximately $420,005,000. The excess of retirement costs over retirement expenditures of approximately $10,856,000, is included in the general long-term debt account group. Retirement expenditures for the Mass Transit Administration Pension Plan on the pay-as-you-go basis aggregated approximately $2,700,000 for the year ended June 30, 1986.

Selected data (amounts expressed in thousands) compiled in accordance with Financial Accounting Standards Board Statement No. 35, with respect to each plan is as follows:

| | State Contributions for the year ended June 30, 1986 | Actuarial Present Value of Accumulated Plan Benefits as of June 30, 1985(a) | Net Assets available for Plan Benefits(b) |
|---|---|---|---|
| Employees' Retirement System | $ 49,655 | $2,016,117 | $1,433,778 |
| Teachers' Retirement System | 210,818 | 4,128,446 | 2,786,402 |
| State Police Retirement System | 15,282 | 158,732 | 191,525 |
| Employees' Pension System | 81,936 | 151,636 | 397,789 |
| Teachers' Pension System | 104,227 | 132,593 | 276,177 |
| Judges' Pension System | 6,134 | 64,165 | 17,750 |
| Mass Transit Administration Pension Plan | 3,305 | (c) | (c) |
| Total | $471,357 | $6,651,689 | $5,103,421 |

(a) The following assumed rates of returns, as promulgated by the Pension Benefit Guaranty Corporation, were used in determining the actuarial present value of accumulated plan benefits:

for immediate annuities - 10%

for deferred annuities - 9 1/4% for the first 7 years prior to benefit comencement, 8% for the next 8years, 4% thereafter

(b) Net assets at actuarially determined market value as of June 30, 1985.

(c) The actuarial present value of accumulated plan benefits and the net assets available for plan benefits is not available for the Mass Transit Administration Pension Plan.

The actuarially computed value of the unfunded accrued liabilities (amounts expressed in thousands) for each plan is as follows:

| | June 30, 1985 |
|---|---|
| Employees' Retirement System | $2,104,195 |
| Teachers' Retirement System | 4,945,413 |
| State Police Retirement System | 144,224 |
| Employees' Pension System | 47,124 |
| Teachers' Pension System | 289,162 |
| Judges' Pension System | 63,373 |
| Mass Transit Administration Pension Plan | 40,608 |
| Total | $7,634,099 |

The funding method has been changed from the unit credit method to the entry age normal cost method. The 1984 actuarial liabilities for 1984 have been recalculated using the entry age method. This change resulted in a $1,109,435,000 increase in the 1984 unfunded liability.

The actuarially computed value of the unfunded accrued liabilities is greater than the unfunded actuarial present value of accumulated plan benefits principally because the method for determining the actuarial present value of accumulated plan benefits does not take into consideration anticipated future wage and salary increases and uses different rate assumptions.

For asset and investment management purposes, the State combined the assets of all State administered retirement and pension systems into a pooled trust fund. Accordingly, the financial statements for the State administered pension fund are presented on a combined basis in the fiduciary fund type financial statements. Individual retirement systems' equity in the pension fund balance (amounts expressed in thousands) as of June 30, 1986 is as follows:

| | Fund Balance (a) | |
|---|---|---|
| | Employee Annuity Savings (b) | Retirement Accumulation Fund (c) |
| Employees' Retirement System | $ 336,699 | $1,056,093 |
| Teachers' Retirement System | 703,440 | 2,037,619 |
| State Police Retirement System | 31,231 | 166,262 |
| Employees' Pension System | 4,563 | 490,764 |
| Teachers' Pension System | 6,229 | 388,295 |
| Judges' Pension System | 6,050 | |
| Total | $1,088,212 | $4,139,032 |

Changes in the pension fund balances (amounts expressed in thousands) for the year ended June 30, 1986, were as follows:

| | Fund Balance (a) | |
|---|---|---|
| | Employee Annuity Savings (b) | Retirement Accumulation Fund (c) |
| Balance, July 1, 1985 | $1,012,639 | $3,337,476 |
| Increases: | | |
| Member contributions | 108,183 | |
| Employer contributions | | 514,466 |
| Investment and other income | | 684,619 |
| Decreases: | | |
| Benefit payments | | (401,035) |
| Refunds | (18,269) | |
| Administrative expenses | | (10,835) |
| Transfers to the Employee Annuity Savings Fund for interest credited to members' accounts | 43,956 | (43,956) |
| Transfers to the Retirement Accumulation Fund for contributions of retiring members | (58,297) | 58,297 |
| Balance, June 30, 1986 | $1,088,212 | $4,139,032 |

(a) The consulting actuary annually determines the changes in fund balances resulting from transfers of employees from the Employees' and Teachers' Retirement Systems to the Employees' and Teachers' Pension Systems and allocations of investment income. Such changes for the year ended June 30, 1986, will be determined as a result of an uncompleted actuarial valuation as of July 1, 1986, and, accordingly, the amounts of such changes will be included in the financial statements for the year ending June 30, 1987.

(b) Contributions made by members together with interest thereon are credited to the Employee Annuity Savings Fund.

(c) Contributions made by the employer and investment income thereon are credited to the Retirement Accumulation Fund.

**16. Commitments:**

At June 30, 1986, the Department of Transportation and Maryland Transportation Authority had commitments of approximately $432,712,000 and $38,161,000, respectively, for construction of highway and mass transit facilities. Approximately 53% of future expenditures related to the Department of Transportation commitments are expected to be reimbursed from proceeds of approved federal grants when the actual costs are incurred. The remaining portion will be funded by other financial resources of the Department.

The Department of Transportation, as lessor, leases terminal space at various marine terminals, airport facilities and office space pursuant to various operating leases. Minimum future rentals (amounts expressed in thousands) are as follows:

| Years ending June 30, | Noncancellable Operating Leases Minimum Future Rentals |
|---|---|
| 1987 | $15,381 |
| 1988 | 14,425 |
| 1989 | 8,830 |
| 1990 | 5,776 |
| 1991 | 4,930 |
| 1992-1996 | 11,789 |
| 1997-2001 | 8,199 |
| 2002 and thereafter | 11,086 |
| | $80,416 |

Total minimum future rentals do not include contingent rentals that may be received under certain concession leases on the basis of a percentage of the concessionaire's gross revenue in excess of stipulated minimums.

Rent revenue was approximately $46,492,000 for the year ended June 30, 1986, including contingent rentals of approximately $14,355,000. Assets of the Department of Transportation subject to such operating lease agreements are included in the general fixed assets account group. The cost of these assets was approximately $237,852,000 at June 30, 1986.

As of June 30, 1986, direct mortgage loan programs included in the enterprise funds had unfunded mortgage loan commitments aggregating approximately $121,721,000. These commitments are expected to be funded from existing program resources and proceeds from revenue bonds to be issued.

The Maryland Transportation Authority was contractually liable for approximately $20,000,000 of uncompleted construction and improvement contracts relating to various projects as of June 30,1986.

At June 30, 1986, the Maryland State Lottery had commitments of approximately $11,300,000 for services to be rendered relating principally to the operation of the lottery game.

The State is insured for workers' compensation losses by the State Accident Fund under a contract, which provides for the State to pay premiums based upon loss experience plus a proportionate share of administrative costs. In the event of termination of the contract, the State is obligated for any premium deficiency existing at the time of termination. As of June 30, 1986, anticipated workers' compensation claims in the amount of $49,000,000 applicable to State employees were accrued in the nonexpendable trust fund. For the year ended June 30, 1986, the State paid the State Accident Fund approximately $14,320,000 in premiums.

**17. Contingencies:**

The State is party to legal proceedings, which normally occur in governmental operations. Other than the litigation discussed in Note 14, the legal proceedings are not, in the opinion of the Attorney General, likely to have a material, adverse impact on the financial position of the affected funds.

As of June 30, 1986, mortgage loan insurance programs included in the enterprise funds were contingently liable as insurer of mortgage loans payable, or portions of mortgage loans payable, in an aggregate amount of approximately $504,338,000 (including $337,745,000 for the economic development loan programs). In addition, there are commitments to insure mortgage loans which would represent additional contingent liabilities of approximately $23,340,000.

The State receives significant financial assistance from the U. S. Government. Entitlement to the resources is generally conditioned upon compliance with terms and conditions of the grant agreements and applicable Federal regulations, including the expenditure of the resources for eligible purposes. Substantially all grants are subject to financial and compliance audits by the grantors. Any disallowances as a result of these audits become a liability of the fund which received the grant. As of June 30, 1986, the State estimates that no material liabilities will result from such audits.

# COMBINING FINANCIAL STATEMENTS AND SCHEDULES

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## STATE OF MARYLAND

### Combining Balance Sheet

### Debt Service Funds

### June 30, 1986

(Expressed in Thousands)

| | General Obligation Bonds | Transportation Bonds | Total |
|---|---|---|---|
| Assets: | | | |
| Cash and short-term investments | $ 33,516 | $ -5,472 | $ 38,988 |
| Investments | | 168,001 | 168,001 |
| Taxes receivable | 3,606 | | 3,606 |
| Loans and notes receivable, net | 71,344 | | 71,344 |
| Loans to other funds | 10,802 | | 10,802 |
| Total assets | $119,268 | $173,473 | $292,741 |
| Liabilities: | | | |
| Matured bonds and interest coupons payable | $ 10,084 | | $ 10,084 |
| Total liabilities | 10,084 | | 10,084 |
| Fund Balance: | | | |
| Reserved for: | | | |
| Loans and notes receivable | 21,465 | | 21,465 |
| Unreserved: | | | |
| Designated for: | | | |
| General long-term obligation bond debt service | 87,719 | | 87,719 |
| Transportation bond debt service | | $173,473 | 173,473 |
| Total fund balances | 109,184 | 173,473 | 282,657 |
| Total liabilities and fund balances | $119,268 | $173,473 | $292,741 |

## STATE OF MARYLAND

### Combining Statement of Revenues,
### Expenditures, Other Sources and Uses of
### Financial Resources and Changes in Fund Balances
### Debt Service Funds
### for the year ended June 30, 1986

(Expressed in Thousands)

| | General Obligation Bonds | Transportation Bonds | Total |
|---|---|---|---|
| Revenues: | | | |
| Other taxes | $110,509 | | $110,509 |
| Interest and other investment income | 7,422 | $ 39,884 | 47,306 |
| Other | 744 | | 744 |
| Gain on defeasance of transportation bonds | | 53,337 | 53,337 |
| Total revenues | 118,675 | 93,221 | 211,896 |
| Expenditures: | | | |
| Debt service: | | | |
| Principal retirement | 245,805 | 8,720 | 254,525 |
| Interest | 151,562 | 49,793 | 201,355 |
| Total expenditures | 397,367 | 58,513 | 455,880 |
| Excess (deficiency) of revenue over expenditures | (278,692) | 34,708 | (243,984) |
| Other sources (uses) of financial resources: | | | |
| Operating transfers in | 275,723 | 54,552 | 330,275 |
| Operating transfers out | (600) | (55,306) | (55,906) |
| Defeasance of transportation bonds | | (354,865) | (354,865) |
| Net other sources (uses) of financial resources | 275,123 | (355,619) | (80,496) |
| Deficiency of revenues over expenditures and net other sources (uses) of financial resources | (3,569) | (320,911) | (324,480) |
| Fund balances, July 1, 1985 | 112,753 | 494,384 | 607,137 |
| Fund balances, June 30, 1986 | $109,184 | $173,473 | $282,657 |

## STATE OF MARYLAND

### Combining Balance Sheet

### Enterprise Funds

### June 30, 1986

(Expressed in Thousands)

| | Economic Development | | Maryland Food Center Authority | Maryland Transportation Authority | Maryland State Lottery | Maryland Environmental Service | State Use Industries | Maryland Higher Education Loan Corporation | Maryland Deposit Insurance Fund Corporation | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| | Insurance Programs | Loan Programs | | | | | | | | |
| Assets: | | | | | | | | | | |
| Cash and short-term investments | $ 82,868 | $ 529,188 | $ 293 | $ 1,150 | $ 11,994 | $ 1,765 | $1,277 | $ 697 | $ 24,698 | $ 653,930 |
| Investments | 33,599 | 216,427 | 6,726 | 6,632 | 82,156 | | | 20,332 | 23,430 | 389,302 |
| Intergovernmental receivables | | | | | | 333 | 100 | 5,028 | | 5,461 |
| Other accounts receivable | 294 | 386 | | 690 | 5,114 | 2,099 | 1,158 | | | 9,741 |
| Inventories | | | | 269 | | | 4,141 | | | 4,410 |
| Loans and notes receivable | 4,301 | 1,015,737 | 89 | | | | | | 116,951 | 1,137,078 |
| Property, plant and equipment, net | | 768 | 17,167 | 1,632,146 | 6,945 | 14,454 | 1,391 | 237 | 128 | 1,673,236 |
| Restricted assets | | | | 178,621 | | 4,933 | | | | 183,554 |
| Deposits | | | | | | | | | 132,177 | 132,177 |
| Other assets | 2,516 | 38,162 | | 9,018 | 89 | 4,121 | | | 16 | 53,922 |
| Total assets | $123,578 | $1,800,668 | $24,275 | $1,828,526 | $106,298 | $27,705 | $8,067 | $26,294 | $297,400 | $4,242,811 |
| Liabilities: | | | | | | | | | | |
| Accounts payable and accrued liabilities | $ 654 | $ 34,907 | $ 786 | $ 2,352 | $ 1,614 | $ 3,753 | $ 444 | $ 264 | $ 2,333 | $ 47,107 |
| Due to other funds | | | | | | | | 697 | | 697 |
| Lottery prizes | | | | | 88,098 | | | | | 88,098 |
| Accrued insurance and loan losses | 6,559 | | | | | | | 739 | 262,900 | 270,198 |
| Other liabilities | 82 | 24,199 | 4,453 | | 719 | | | 1,580 | 485 | 31,518 |
| Deferred revenue | 1,787 | 5,008 | 25 | 758 | 2,433 | | 2,003 | 11,714 | | 23,728 |
| Loans from other funds | | | 10,802 | | | | 1,945 | | | 12,747 |
| Capital notes | | | | | | | | | 88,862 | 88,862 |
| Notes payable | 1,690 | 16,276 | | | | | | | | 17,966 |
| Liabilities payable from restricted assets | | | | 17,188 | | | | | | 17,188 |
| Deferred federal income taxes | | | | | | | | | 25,282 | 25,282 |
| Revenue bonds payable | | 1,469,665 | | 201,925 | | 9,935 | | | | 1,681,525 |
| Total liabilities | 10,772 | 1,550,055 | 16,066 | 222,223 | 92,864 | 13,688 | 4,392 | 14,994 | 379,862 | 2,304,916 |
| Capital: | | | | | | | | | | |
| Contributed capital | 62,795 | 130,547 | | 763,785 | | 13,687 | 394 | | | 971,208 |
| Capital deposits by members | | | | | | | | | 144,224 | 144,224 |
| Retained earnings: | | | | | | | | | | |
| Reserved | | | | 161,433 | 7,208 | 70 | | | | 168,711 |
| Unreserved (deficit) | 50,011 | 120,066 | 8,209 | 681,085 | 6,226 | 260 | 3,281 | 11,300 | (226,686) | 653,752 |
| Total capital (deficit) | 112,806 | 250,613 | 8,209 | 1,606,303 | 13,434 | 14,017 | 3,675 | 11,300 | (82,462) | 1,937,895 |
| Total liabilities and capital | $123,578 | $1,800,668 | $24,275 | $1,828,526 | $106,298 | $27,705 | $8,067 | $26,294 | $297,400 | $4,242,811 |

## STATE OF MARYLAND

### Combining Statement of Revenues, Expenses and Changes in Retained Earnings

### Enterprise Funds

### for the year ended June 30, 1986

(Expressed in Thousands)

| | Economic Development | | Maryland Food Center Authority | Maryland Transportation Authority | Maryland State Lottery | Maryland Environmental Service | State Use Industries | Maryland Higher Education Loan Corporation | Maryland Deposit Insurance Fund Corporation | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| | Insurance Programs | Loan Programs | | | | | | | | |
| Operating revenues: | | | | | | | | | | |
| Lottery ticket sales | | | | | $718,254 | | | | | $ 718,254 |
| Charges for services and sales | $ 3,953 | $ 22 | $2,457 | $ 90,639 | | $16,839 | $11,568 | $ 1,768 | | 127,246 |
| Interest and other investment income | 8,511 | 146,186 | 497 | 16,158 | | 126 | | 1,463 | $ 21,398 | 194,339 |
| Other | 31 | 4,553 | 5 | 1,659 | 5,151 | | 1 | 4,380 | 11 | 15,791 |
| Total operating revenues | 12,495 | 150,761 | 2,959 | 108,456 | 723,405 | 16,965 | 11,569 | 7,611 | 21,409 | 1,055,630 |
| Operating expenses: | | | | | | | | | | |
| Prizes and claims | | | | | 340,470 | | | | | 340,470 |
| Commissions and bonuses | | | | | 28,795 | | | | | 28,795 |
| Cost of sales and services | | | | | | | 8,789 | 27,675 | | 36,464 |
| Operation and maintenance of facilities | | 14,339 | | 52,102 | | 14,308 | | | | 80,749 |
| General and administrative | 2,330 | 4,671 | 1,210 | 3,985 | 24,845 | 2,241 | 1,583 | 4,210 | 1,163 | 46,238 |
| Interest | | 122,203 | 833 | 12,794 | | 548 | | | 7,940 | 144,318 |
| Depreciation and amortization | | 1,503 | 393 | 288 | 4,238 | 1,387 | 214 | 20 | 63 | 8,106 |
| Provision for insurance and loan losses | 1,574 | 410 | | | | | | 932 | 91,188 | 94,104 |
| Other | | 2,162 | | | | | | 51 | | 2,213 |
| Total operating expenses | 3,904 | 145,288 | 2,436 | 69,169 | 398,348 | 18,484 | 10,586 | 32,888 | 100,354 | 781,457 |
| Operating income (loss) before operating grants, transfers and extraordinary item | 8,591 | 5,473 | 523 | 39,287 | 325,057 | (1,519) | 983 | (25,277) | (78,945) | 274,173 |
| Non-operating revenues-operating grants | | 12,446 | | | | | 122 | 25,557 | | 38,125 |
| Operating transfers in | | 324 | | | | | | 397 | 156,186 | 156,907 |
| Operating transfers out | | | | | (323,423) | | | | | (323,423) |
| Extraordinary item-gain on bond defeasance | | | | 24,901 | | | | | | 24,901 |
| Net income (loss) | 8,591 | 18,243 | 523 | 64,188 | 1,634 | (1,519) | 1,105 | 677 | 77,241 | 170,683 |
| Add: Depreciation of cost of assets acquired from contributed capital | | | | | | 1,317 | 2 | | | 1,319 |
| Increase (decrease) in retained earnings | 8,591 | 18,243 | 523 | 64,188 | 1,634 | (202) | 1,107 | 677 | 77,241 | 172,002 |
| Retained earnings (deficit), July 1, 1985 | 41,420 | 101,823 | 7,686 | 778,330 | 11,800 | 532 | 2,174 | 10,623 | (303,927) | 650,461 |
| Retained earnings (deficit), June 30, 1986 | $50,011 | $120,065 | $8,209 | $842,518 | $13,434 | $ 330 | $ 3,281 | $11,300 | $(226,686) | $ 822,463 |

## STATE OF MARYLAND

### Combining Statement of Changes in Financial Position

### Enterprise Funds

### for the year ended June 30, 1986

(Expressed in Thousands)

| | Economic Development | | Maryland Food Center Authority | Maryland Transportation Authority | Maryland State Lottery | Maryland Environmental Service | State Use Industries | Maryland Higher Education Loan Corporation | Maryland Deposit Insurance Fund Corporation | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| | Insurance Programs | Loan Programs | | | | | | | | |
| Sources of financial resources: | | | | | | | | | | |
| Operations: | | | | | | | | | | |
| Income (loss) before extraordinary item | $ 8,591 | $ 18,243 | $ 523 | $ 39,287 | $ 1,634 | $(2,543) | $1,105 | $ 677 | $ 77,241 | $ 145,782 |
| Extraordinary item-gain on bond defeasance | | | | 24,901 | | | | | | 24,901 |
| Expenses not requiring current outlay of financial resources: | | | | | | | | | | |
| Depreciation and amortization | | 1,503 | 393 | 288 | 4,238 | 1,387 | 214 | 20 | 63 | 8,106 |
| Total sources (uses) of financial resources from operations | 8,591 | 19,746 | 916 | 64,476 | 5,872 | (132) | 1,319 | 697 | 77,304 | 178,789 |
| Increase (decrease) in accounts payable and accrued liabilities | 599 | 9,716 | 389 | 307 | (1,360) | (1,194) | 31 | (546) | (5,482) | 2,460 |
| Increase in lottery prizes | | | | | 29,304 | | | | | 29,304 |
| Issuance of revenue bonds | | 346,100 | | 201,925 | | 6,100 | | | | 554,125 |
| (Increase) decrease in restricted assets | | | | 4,966 | | (4,933) | | | | 33 |
| Increase in liabilities payable from restricted assets | | | | 8,433 | | | | | | 8,433 |
| Contributed capital | 2 | 3,327 | | 759,454 | | 937 | | | | 763,720 |
| Total sources of financial resources | 9,192 | 378,889 | 1,305 | 1,039,561 | 33,816 | 778 | 1,350 | 151 | 71,822 | 1,536,864 |
| Uses of financial resources: | | | | | | | | | | |
| Increase (decrease) in investments | (21,265) | 27,963 | 189 | 3,507 | 28,931 | | | 357 | (221,089) | (181,407) |
| Increase (decrease) in other accounts, loans and notes receivable | 2,583 | 172,499 | (33) | 169 | 176 | (1,014) | 318 | 1,090 | 65,736 | 241,524 |
| Increase in inventories | | | | 27 | | | 1,534 | | | 1,561 |
| Decrease in loans from other funds | | | 292 | | | | 55 | 159 | | 506 |
| Acquisition (diposal) of fixed assets | | (3,333) | 856 | 916,992 | 2,408 | 503 | 490 | 8 | (18) | 917,906 |
| Increase in deposits | | | | | | | | | 132,177 | 132,177 |
| Decrease (increase) in accrued insurance and loan losses | (1,185) | | | | | | | (253) | 62,200 | 60,762 |
| Repayment of notes payable | | 8,955 | | | | | | | 12,000 | 20,955 |
| Retirement of revenue bonds | | 32,952 | | | | 1,335 | | | | 34,287 |
| Defeasance of revenue bonds | | | | 115,495 | | | | | | 115,495 |
| Other, net | (1,621) | 3,541 | 32 | 6,641 | 909 | 327 | (1,003) | (990) | (4) | 7,832 |
| Total uses of financial resources | (21,488) | 242,577 | 1,336 | 1,042,831 | 32,424 | 1,151 | 1,394 | 371 | 51,002 | 1,351,598 |
| Net increase (decrease) in unrestricted cash and short-term investments | $30,680 | $136,312 | $ (31) | $ (3,270) | $1,392 | $ (373) | $ (44) | $ (220) | $ 20,820 | $ 185,266 |

## STATE OF MARYLAND

### Combining Balance Sheet

### Fiduciary Fund Types

### June 30, 1986

(Expressed in Thousands)

| | | | | Agency Funds | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Expendable Trust Fund | Non-expendable Trust Fund | Pension Trust Fund | Patient and Prisoner Accounts | Deferred Compensation Plan | Local Highway Grants | Local Admissions and Amusement Taxes | Local Income Taxes | Payroll Taxes and Fringe Benefits | Total |
| Assets: | | | | | | | | | | |
| Cash and short-term investments | $ 1,602 | $126,156 | | $3,892 | | $4,938 | $7,460 | $137,960 | $22,470 | $ 304,478 |
| Investments | | 126,489 | $5,245,274 | | $225,396 | | | | 8,759 | 5,605,918 |
| Amount on deposit with U.S. Treasury | 483,075 | | | | | | | | | 483,075 |
| Taxes receivable | 96,508 | | | | | | | | 9,769 | 106,277 |
| Other accounts receivable | | 8,731 | 26,029 | | 3,590 | | | | | 38,350 |
| Due from other funds | | | | | | | | 168,561 | | 168,561 |
| Inventories | | 79 | | | | | | | | 79 |
| Property, plant and equipment, net | | 1,385 | | | | | | | | 1,385 |
| Total assets | $581,185 | $262,840 | $5,271,303 | $3,892 | $228,986 | $4,938 | $7,460 | $306,521 | $40,998 | $6,708,123 |
| Liabilities: | | | | | | | | | | |
| Accounts payable and accrued liabilities | $ 5,392 | | $ 38,568 | $3,892 | $ 75 | | | | $38,791 | $86,718 |
| Due to other funds | | | | | | | $2,410 | | 2,207 | 4,617 |
| Accounts payable to political subdivisions and local income tax refunds | | | | | | $4,938 | 5,050 | $306,521 | | 316,509 |
| Accrued insurance losses | | $165,500 | | | | | | | | 165,509 |
| Other liabilities | | 5,431 | 5,491 | | | | | | | 10,922 |
| Deferred compensation benefits payable | | | | | 228,911 | | | | | 228,911 |
| Deferred revenue | | 15,711 | | | | | | | | 15,711 |
| Total liabilities | 5,392 | 186,642 | 44,059 | 3,892 | 228,986 | 4,938 | 7,460 | 306,521 | 40,998 | 828,888 |
| Fund balances: | | | | | | | | | | |
| Reserved for: | | | | | | | | | | |
| Pension benefits | | | 5,227,244 | | | | | | | 5,227,244 |
| Worker's compensation benefits | | 57,890 | | | | | | | | 57,890 |
| Unemployment compensation benefits | 575,793 | | | | | | | | | 575,793 |
| Unrealized market appreciation on investments | | 18,308 | | | | | | | | 18,308 |
| Total fund balances | 575,793 | 76,198 | 5,227,244 | | | | | | | 5,879,235 |
| Total liabilities and fund balances | $581,185 | $262,840 | $5,271,303 | $3,892 | $228,985 | $4,938 | $7,460 | $306,521 | $40,998 | $6,708,123 |

## STATE OF MARYLAND

### Combining Statement of Changes in Assets and Liabilities — All Agency Funds for the year ended June 30, 1986

(Expressed in Thousands)

| | Balance July 1, 1985 | Additions | Deletions | Balance June 30, 1986 |
|---|---|---|---|---|
| *Patient and Prisoner Accounts* | | | | |
| Assets: | | | | |
| Cash and short-term investments | $ 3,801 | $ 10,063 | $ 9,972 | $ 3,892 |
| Liabilities: | | | | |
| Accounts payable and accrued liabilities | $ 3,801 | $ 8,118 | $ 8,027 | $ 3,892 |
| *Deferred Compensation Plan* | | | | |
| Assets: | | | | |
| Investments | $184,565 | $ 50,002 | $ 9,171 | $225,396 |
| Other accounts receivable | 3,410 | 1,258 | 1,078 | 3,590 |
| Total assets | $187,975 | $ 51,260 | $ 10,249 | $228,986 |
| Liabilities: | | | | |
| Accounts payable and accrued liabilities | $ 62 | $ 75 | $ 62 | $ 75 |
| Deferred compensation benefits payable | 187,913 | 53,684 | 12,686 | 228,911 |
| Total liabilities | $187,975 | $ 53,759 | $ 12,748 | $228,986 |
| *Local Highway Grants* | | | | |
| Assets: | | | | |
| Cash and short-term investments | $ 2,131 | $ 74,359 | $ 71,552 | $ 4,938 |
| Liabilities: | | | | |
| Accounts payable to political subdivisions | $ 2,131 | $ 74,359 | $ 71,552 | $ 4,938 |
| *Local Admissions and Amusements Taxes* | | | | |
| Assets: | | | | |
| Cash and short-term investments | $ 6,321 | $ 20,585 | $ 19,446 | $ 7,460 |
| Liabilities: | | | | |
| Due to other funds | $ 1,572 | $ 838 | | $ 2,410 |
| Accounts payable to political subdivisions | 4,749 | 19,747 | $ 19,446 | 5,050 |
| Total liabilities | $ 6,321 | $ 20,585 | $ 19,446 | $ 7,460 |
| *Local Income Taxes* | | | | |
| Assets: | | | | |
| Cash and short-term investments | $110,888 | $ 920,686 | $ 893,614 | $137,960 |
| Due from other funds | 163,952 | 168,561 | 163,952 | 168,561 |
| Total assets | $274,840 | $1,089,247 | $1,057,566 | $306,521 |
| Liabilities: | | | | |
| Accounts payable to political subdivisions and local income tax refunds | $274,840 | $ 923,427 | $ 891,746 | $306,521 |
| *Payroll Taxes and Fringe Benefits* | | | | |
| Assets: | | | | |
| Cash and short-term investments | $ 21,707 | $2,313,769 | $2,313,006 | $ 22,470 |
| Investments | 31,573 | 1,162,890 | 1,185,704 | 8,759 |
| Taxes receivable | 12,171 | 443,559 | 445,961 | 9,769 |
| Due from other funds | 7,808 | 195,201 | 203,009 | |
| Total assets | $ 73,259 | $4,115,419 | $4,147,680 | $ 40,998 |
| Liabilities: | | | | |
| Accounts payable and accrued liabilities | $ 70,295 | $ 908,091 | $ 939,595 | $ 38,791 |
| Due to other funds | 2,964 | 2,889 | 3,646 | 2,207 |
| Total liabilities | $ 73,259 | $ 910,980 | $ 943,241 | $ 40,998 |
| *Totals — All Agency Funds* | | | | |
| Assets: | | | | |
| Cash and short-term investments | $144,848 | $3,339,462 | $3,307,590 | $176,720 |
| Investments | 216,138 | 1,212,892 | 1,194,875 | 234,155 |
| Taxes receivable | 12,171 | 443,559 | 445,961 | 9,769 |
| Other accounts receivable | 3,410 | 1,258 | 1,078 | 3,590 |
| Due from other funds | 171,760 | 363,762 | 366,961 | 168,561 |
| Total assets | $548,327 | $5,360,933 | $5,316,465 | $592,795 |
| Liabilities: | | | | |
| Accounts payable and accrued liabilities | $ 74,158 | $ 916,284 | $ 947,684 | $ 42,758 |
| Due to other funds | 4,536 | 3,727 | 3,646 | 4,617 |
| Accounts payable to political subdivisions and local income tax refunds | 281,720 | 1,017,533 | 982,744 | 316,509 |
| Deferred compensation benefits | 187,913 | 53,684 | 12,686 | 228,911 |
| Total liabilities | $548,327 | $1,991,228 | $1,946,760 | $592,795 |

## STATE OF MARYLAND

### Schedule of Fixed Assets and Accumulated Depreciation

### June 30, 1986

(Expressed in Thousands)

| | Land and Improvements | Structure and Improvements | Equipment | Construction in Progress | Total Cost | Accumulated Depreciation | Total Cost Less Accumulated Depreciation |
|---|---|---|---|---|---|---|---|
| *Proprietary Fund Type (by fund)* | | | | | | | |
| Economic Development Loan Programs | | | $ 782 | | $ 782 | $ 14 | $ 768 |
| Maryland Food Center Authority | $ 8,831 | $ 9,848 | 280 | | 18,959 | 1,792 | 17,167 |
| Maryland Transportation Authority | | 1,632,146 | | | 1,632,146 | | 1,632,146 |
| Maryland State Lottery | | | 10,883 | | 10,883 | 3,938 | 6,945 |
| Maryland Environmental Service | | 20,998 | 3,185 | | 24,183 | 9,729 | 14,454 |
| State Use Industries | | 158 | 3,005 | | 3,163 | 1,772 | 1,391 |
| Maryland Higher Education Loan Corporation | | | 329 | | 329 | 92 | 237 |
| Maryland Deposit Insurance Fund Corporation | | | 192 | | 192 | 64 | 128 |
| Total | $ 8,831 | $1,663,150 | $ 18,656 | | $1,690,637 | $17,401 | $1,673,236 |
| *Fiduciary Fund Types* | | | | | | | |
| Nonexpendable Trust Fund | $ 164 | | $ 1,555 | | $ 1,719 | $ 334 | $ 1,385 |
| *General Fixed Assets (by function)* | | | | | | | |
| General government | $ 25,547 | $ 245,201 | $ 53,925 | $ 27,972 | $ 352,645 | | $ 352,645 |
| Education | | 14,094 | 7,758 | | 21,852 | | 21,852 |
| Human resources | 357 | 5,167 | 18,359 | | 23,883 | | 23,883 |
| Health and mental hygiene | 22,705 | 244,007 | 36,230 | 22,632 | 325,574 | | 325,574 |
| Transportation | 197,313 | 1,058,854 | 333,872 | 217,189 | 1,807,228 | | 1,807,228 |
| Public safety and judicial | 18,168 | 210,146 | 67,084 | 21,382 | 316,780 | | 316,780 |
| Economic and community development | 2,425 | 5,283 | 1,890 | 4,173 | 13,771 | | 13,771 |
| Natural resources and recreation | 211,948 | 39,784 | 23,661 | 8,268 | 283,661 | | 283,661 |
| Agriculture | 59 | 14,734 | 5,481 | | 20,274 | | 20,274 |
| Personnel and retirement | | | 1,188 | | 1,188 | | 1,188 |
| Total | $478,522 | $1,837,270 | $549,448 | $301,616 | $3,166,856 | | $3,166,856 |
| *Higher Education* | $ 51,796 | $ 801,678 | $358,050 | $ 18,959 | $1,230,483 | | $1,230,483 |

## STATE OF MARYLAND

### Schedule of Changes in General Fixed Assets by Function

### for the year ended June 30, 1986

(Expressed in Thousands)

| | Balance July 1, 1985 | Additions | Deletions | Transfer In (Out) | Balance June 30, 1986 |
|---|---|---|---|---|---|
| Function: | | | | | |
| General government | $ 336,759 | $21,472 | $ 5,429 | $(157) | $ 352,645 |
| Education | 20,967 | 1,404 | 519 | | 21,852 |
| Human resources | 18,091 | 6,351 | 559 | | 23,883 |
| Health and mental hygiene | 322,946 | 12,860 | 10,232 | | 325,574 |
| Transportation | 1,643,679 | 176,087 | 12,538 | | 1,807,228 |
| Public safety and judicial | 293,641 | 28,871 | 5,889 | 157 | 316,780 |
| Economic and community development | 12,583 | 1,536 | 348 | | 13,771 |
| Natural resources and recreation | 273,591 | 14,487 | 4,417 | | 283,661 |
| Agriculture | 19,438 | 1,283 | 447 | | 20,274 |
| Personnel and retirement | 1,020 | 249 | 81 | | 1,188 |
| Total | $2,942,715 | $264,600 | $40,459 | $ -0- | $3,166,856 |

# STATE OF MARYLAND

## Schedule of Estimated and Actual Revenues By Source — Budgetary Basis

## for the year ended June 30, 1986

(Expressed in Thousands)

| Source | Annual Budgeted Funds | | | | | | | | | | Capital Projects Fund | Other Funds | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | General Fund | | Special Fund | | Federal Fund | | Higher Education Funds | | | | | | |
| | | | | | | | Current Unrestricted Fund | | Current Restricted Fund | | | | |
| | Estimated Revenues | Actual Revenues | Estimated Revenues | Actual Revenues | Estimated Revenues | Actual Revenues | Estimated Revenues | Actual Revenues | Estimated Revenues | Actual Revenues | Actual Revenues | Actual Revenues | Actual Revenues |
| Taxes: | | | | | | | | | | | | | |
| Property tax | $ 31,607 | | $ 135,969 | $ 114,259 | | | | | | | [1] | $ 55,689 | $ 169,948 |
| Franchise and corporation tax | 124,496 | $ 118,287 | 5,714 | 5,789 | | | | | | | | | 124,076 |
| Death taxes | 39,968 | 44,810 | | | | | | | | | | | 44,810 |
| Recordation tax | | 130 | | | | | | | | | | 570 | 700 |
| Admission and amusement tax | | | 925 | 838 | | | | | | | | | 838 |
| Alcoholic beverages tax | 18,200 | 18,666 | 10,085 | 9,327 | | | | | | | | | 27,993 |
| Motor vehicle fuel taxes | 6,317 | | 305,600 | 308,768 | | | | | | | | | 308,768 |
| Income taxes | 2,072,332 | 2,073,263 | 79,698 | 76,458 | | | | | | | | | 2,149,721 |
| Retail sales and use taxes | 1,186,080 | 1,189,603 | | | | | | | | | | | 1,189,603 |
| Cigarette tax | 51,950 | 51,644 | 15,077 | 15,016 | | | | | | | | | 66,660 |
| Other tobacco taxes | | 205 | 26 | 85 | | | | | | | | | 290 |
| Motor vehicle titling taxes | 750 | | 245,000 | 296,476 | | | | | | | | | 296,476 |
| Insurance company taxes | 91,882 | 99,208 | | | | | | | | | | | 99,208 |
| Horse racing taxes | 1,424 | | 1,504 | 2,386 | | | | | | | | | 2,386 |
| Shellfish taxes | | | 2,950 | 857 | | | | | | | | | 857 |
| Boxing, wrestling or sparring taxes | 337 | 405 | | | | | | | | | | | 405 |
| Apple tax | | | 41 | 32 | | | | | | | | | 32 |
| Boat titling tax | | | 10,282 | 11,112 | | | | | | | | | 11,112 |
| Energy generation tax | | | 8,829 | 4,846 | | | | | | | | | 4,846 |
| Emergency telephone system tax | | | 7,219 | 6,032 | | | | | | | | | 6,032 |
| Unemployment insurance taxes | | | | | | | | | | | | 370,791 | 370,791 |
| Total taxes | 3,625,343 | 3,596,221 | 828,919 | 852,281 | | | | | | | | 427,050 | 4,875,552 |
| Other: | | | | | | | | | | | | | |
| Licenses and permits | 14,312 | 21,233 | 122,633 | 129,082 | | | | | | | | 6,416 | 156,731 |
| Fees for services | 20,040 | 15,824 | 103,119 | 106,113 | | | | | | | | 178,922 | 300,859 |
| Fines and costs | 38,549 | 42,685 | 31 | 2,095 | | | | | | | | 6,106 | 50,886 |
| Sales to the public | 1,237 | 1,599 | 30,910 | 37,226 | | | | | | | | 368,598 | 407,423 |
| Commissions and royalties | 70 | 80 | 17,412 | 15,644 | | $ 12 | | | | | | 62 | 15,798 |
| Rentals | 677 | 744 | 40,231 | 35,700 | | 13 | | | | | | 1,672 | 38,129 |
| Interest on investments | 32,099 | 33,319 | 22,604 | 42,929 | | 113 | | | | | $ 4,406 | 902,954 | 983,721 |
| Interest on loan repayments | | 6 | 10,622 | 17,335 | | | | | | | | (88) | 17,253 |
| Miscellaneous | 17,328 | 15,442 | 195,330 | 67,567 | $ 97 | 71 | | | | | | (45,470) | 37,610 |
| Colleges and Universities | 511 | 339 | | | | | $776,185 | $819,869 | $167,820 | $163,616 | | (17,549) | 966,278 |
| Federal reimbursements and grants | 51,544 | 39,282 | 2,741 | 53,061 | 1,552,551 | 1,393,153 | | | | | 771 | 49,033 | 1,535,300 |
| Other reimbursements | 29,394 | 26,001 | 217,603 | 52,926 | | 3,326 | | | | | | 5,119 | 87,372 |
| Provisions for refunds | | | | | | | | | | | | 1,034 | 1,034 |
| Bond issues: | | | | | | | | | | | | | |
| State—general purpose | | | | 271 | | | | | | | 124,585 | | 124,856 |
| Consolidated Transportation Bonds | | | | | | | | | | | | 86 | 86 |
| Loan repayments | | | | 36,769 | | | | | | | | 265 | 37,034 |
| State reimbursements | 310,953 | 324,023 | 105,993 | 218,244 | 35,207 | 6,332 | | | | | 29,888 | 53,477 | 631,964 |
| Trust funds | | 1 | 218,099 | 4,932 | | | | | | | | 13,732 | 18,665 |
| Revolving accounts | | 1 | 5,647 | 20,342 | | 14,146 | | | | | | (3,196) | 31,293 |
| Reduction of expenditures | | 611 | 7,897 | 146 | | 2 | | | | | | (105) | 654 |
| Advance collections | | | | 14 | | | | | | | | 793 | 807 |
| Contributions | | | | | | | | | | | | 622,650 | 622,650 |
| Total revenues | $4,142,057 | $4,117,411 | $1,929,791 | $1,692,677 | $1,587,855 | $1,417,168 | $776,185 | $819,869 | $167,820 | $163,616 | $159,650 | $2,571,564 | $10,941,955 |

# STATE OF MARYLAND

## Schedule of Budget and Actual Expenditures and Encumbrances by Major Function—Budgetary Basis for the year ended June 30, 1986

(Expressed in Thousands)

| Expenditures and Encumbrances by Major Function | Annual Budgeted Funds | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | General Fund | | Special Fund | | Federal Fund | | Higher Education Funds | | | | Capital Projects Fund | Other Funds | Total | |
| | | | | | | | Current Unrestricted Fund | | Current Restricted Fund | | | | | |
| | Final Budget | Actual | Final Budget | Actual | Final Budget | Actual | Final Budget | Actual | Final Budget | Actual | Actual | Actual | Actual | |
| Payments of revenue to civil divisions of the State | $ 59,600 | $ 59,600 | $ 37,045 | $ 36,118 | | | | | | | | | | $ 95,718 |
| Public debt | 113,000 | 113,000 | 284,367 | 284,367 | | | | | | | | | | 397,367 |
| Legislative | 26,826 | 25,936 | 54 | 22 | | | | | | | | | | 25,958 |
| Judicial review and legal | 102,881 | 101,753 | 1,103 | 1,050 | $ 855 | $ 772 | | | | | | | | 103,575 |
| Executive and administrative control | 34,291 | 33,736 | 1,294 | 837 | 20,534 | 16,793 | | | | | | $ 5,606 | | 109,181 |
| Financial and revenue administration | 112,433 | 109,711 | 36,032 | 35,042 | | | | | | | | 2,436 | | 53,802 |
| Budgetary and fiscal administration | 4,843 | 4,638 | 310 | 68 | | | | | | | | 375,092 | | 519,845 |
| Personnel administration, retirement and employee relations | 18,828 | 18,418 | 15,872 | 14,874 | | | | | | | | | | 4,706 |
| State planning | 4,411 | 4,374 | 814 | 814 | 350 | 36 | | | | | | 505,110 | | 538,402 |
| General services | 29,313 | 29,205 | 160 | 52 | | | | | | | | 41 | | 5,265 |
| Transportation and highways | | | 1,054,573 | 1,001,660 | 513,184 | 405,573 | | | | | | 445 | | 29,702 |
| Natural resources and recreation | 45,254 | 45,208 | 66,869 | 61,263 | 13,303 | 10,837 | | | | | | 125,302 | | 1,532,535 |
| Agriculture | 14,470 | 13,976 | 12,426 | 11,980 | 2,459 | 2,335 | | | | | | 16,026 | | 133,334 |
| Health, hospitals and mental hygiene | 996,188 | 995,751 | 34,542 | 30,452 | 395,024 | 385,679 | | | | | | 1,286 | | 29,577 |
| Human resources | 278,780 | 273,558 | 9,608 | 5,803 | 307,440 | 288,847 | | | | | | (2,120) | | 1,409,762 |
| Licensing and regulation | 74,745 | 74,604 | 281,724 | 257,588 | 2,687 | 2,623 | | | | | | 4,315 | | 572,523 |
| Public safety and correctional services | 368,076 | 366,682 | 37,655 | 36,368 | 3,265 | 2,020 | | | | | | (211,548) | | 123,267 |
| Public education | 1,870,110 | 1,868,604 | 28,672 | 25,026 | 208,443 | 200,771 | $776,185 | $771,691 | $167,820 | $162,629 | | (1,798) | | 403,272 |
| Economic and community development | 20,237 | 19,461 | 26,579 | 20,916 | 17,742 | 16,590 | | | | | | (32,316) | | 2,996,405 |
| Employment and training | 3,823 | 3,638 | 92 | | 102,569 | 95,261 | | | | | | 113,620 | | 170,587 |
| Construction reimbursement | | | | | | | | | | | | 227,530 | | 326,429 |
| Loan accounts | | | | | | | | | | | | (7) | | (7) |
| Miscellaneous | | | | | | | | | | | $203,762 | | | 203,762 |
| Reversions: | | | | | | | | | | | | 19,362 | | 19,362 |
| Current year reversions | (20,000) | | | | | | | | | | | | | |
| Prior year reversions | | (1,359) | | (804) | | (8,796) | | (234) | | (7) | | | | (11,200) |
| Total expenditures and encumbrances | $4,158,109 | $4,160,494 | $1,929,791 | $1,823,496 | $1,587,855 | $1,419,341 | $776,185 | $771,457 | $167,820 | $162,622 | $203,762 | $1,148,382 | | $9,689,554 |

# STATE OF MARYLAND

## Schedule of Changes in Fund Equities — Budgetary Basis

## for the year ended June 30, 1986

(Expressed in Thousands)

| | General Fund | Special Fund: Other Special | Special Fund: Debt Service | Federal Fund | Higher Education: Current Unrestricted Fund | Higher Education: Current Restricted Fund | Capital Projects Fund | Other Funds | Total |
|---|---|---|---|---|---|---|---|---|---|
| Fund equities, July 1, 1985 | $ 69,286 | $ 388,222 | $112,753 | | | | $167,202 | $7,468,262 | $8,205,725 |
| Adjustments | | | | | $ 27,404 (1) | $ 1,758 (1) | | (217,075) (2) | (187,913) |
| Fund equities, restated | 69,286 | 388,222 | 112,753 | | 27,404 | 1,758 | 167,202 | 7,251,187 | 8,017,812 |
| Increase: | | | | | | | | | |
| Revenues | 4,117,411 | 1,412,533 | 280,144 | $1,417,168 | 819,869 | 163,616 | 159,650 | 2,571,564 | 10,941,955 |
| Decrease: | | | | | | | | | |
| Appropriations | 4,178,109 | 1,645,424 | 284,367 | 1,587,855 | 776,185 | 167,820 | | | |
| Less: Current year reversions | (16,256) | (105,491) | | (159,718) | (4,494) | (5,191) | | | |
| Prior year reversions | (1,359) | (804) | | (8,796) | (234) | (7) | | | |
| Expenditures and encumbrances | 4,160,494 | 1,539,129 | 284,367 | 1,419,341 | 771,457 | 162,622 | 203,762 | 1,148,382 | 9,689,554 |
| Changes to encumbrances during fiscal year 1986 | (4,401) | (6,170) | | (1,695) | (3,856) | 875 | | | (15,247) |
| Expenditures | 4,156,093 | 1,532,959 | 284,367 | 1,417,646 | 767,601 | 163,497 | 203,762 | 1,148,382 | 9,674,307 |
| Transfers in (out) | 46,603 | 49,350 | 654 | 478 | 18,484 | (8) | (1,705) | (113,856) | |
| Changes in contributed capital | | | | | | | | 762,401 | 762,401 |
| Increase in unrealized market appreciation of investments | | | | | | | | 8,852 | 8,852 |
| Defeasance of transportation bonds | | | | | | | | (354,865) | (354,865) |
| Extraordinary item-gain on defeasance of bonds | | | | | | | | 24,901 | 24,901 |
| Fund equities, June 30, 1986 | $ 77,207 | $ 317,146 | $109,184 | $ -0- | $ 98,156 | $ 1,869 | $121,385 | $9,001,802 | $9,726,749 |
| Invested in fixed assets | | | | | | | | $1,178,151 | $1,178,151 |
| Contributed capital | | | | | | | | 971,208 | 971,208 |
| Capital deposits by members | | | | | | | | 144,224 | 144,224 |
| Retained earnings: | | | | | | | | | |
| Reserved | | | | | | | | 168,711 | 168,711 |
| Unreserved | | | | | | | | 653,752 | 653,752 |
| Fund Balance: | | | | | | | | | |
| Reserved: | | | | | | | | | |
| Encumbrances | $ 22,558 | $ 32,659 | | $ 24,774 | $ 9,173 | $ 30 | $298,001 | | 387,195 |
| Loans and notes receivable | | | $ 21,465 | | | | | | 21,465 |
| Loans to other funds | 1,945 | | | | | | | | 1,945 |
| Higher education programs | | | | | | 1,839 | | 30,318 | 32,157 |
| Shore erosion loan programs | | 12,027 | | | | | | | 12,027 |
| Endowment and similar funds | | | | | | | | 33,339 | 33,339 |
| Pension benefits | | | | | | | | 5,227,244 | 5,227,244 |
| Workers' compensation benefits | | | | | | | | 57,890 | 57,890 |
| Unemployment compensation benefits | | | | | | | | 575,793 | 575,793 |
| Unrealized market appreciation on investments | | | | | | | | 18,308 | 18,308 |
| Unreserved: | | | | | | | | | |
| Designated for: | | | | | | | | | |
| General long-term debt service | | | 87,719 | | | | | | 87,719 |
| Transportation debt service | | | | | | | | 173,473 | 173,473 |
| Fiscal year 1987 operations | 38,408 | | | | | | | | 38,408 |
| Undesignated (deficit) | 14,296 | 272,460 | | (24,774) | 88,983 | | (176,616) | (230,609) | (56,260) |
| Total | $ 77,207 | $ 317,146 | $109,184 | $ -0- | $ 98,156 | $ 1,869 | $121,385 | $9,001,802 | $9,726,749 |

(1) Beginning in fiscal year 1986, budgets for the State's colleges and universities current operations were prepared and adopted on a GAAP basis. The fund balances for current unrestricted and current restricted funds, which previously were included in other funds, are shown as adjustments to beginning fund balance.

(2) The accounting treatment for the Deferred Compensation Plan has been changed from that of an expendable trust fund to an agency fund in accordance with Governmental Accounting Standards Board Statement 2. The beginning fund balance has been restated to reflect this change.

## STATE OF MARYLAND

### Schedule of Funds Transferred to Political Subdivisions

### for the year ended June 30, 1986

(Expressed in Thousands)

| Subdivision | State Sources | | | | Other Sources | | | Assessed Value of Real and Personal Property | Amount Per $100 of Assessed Value |
|---|---|---|---|---|---|---|---|---|---|
| | Shared Revenues | Direct Grants and Appropriations | Debt Service | Total | Federal funds | State Administered Local Revenue | Total[1] | | |
| Allegany | $ 10,977 | $ 34,572 | $ 5,789 | $ 51,338 | $ 5,594 | $ 711 | $ 57,643 | $ 774,682 | $ 7.44 |
| Anne Arundel | 96,410 | 147,204 | 24,575 | 268,189 | 12,158 | 14,636 | 294,983 | 5,671,176 | 5.20 |
| Baltimore County | 184,104 | 213,466 | 15,365 | 412,935 | 16,860 | 16,706 | 446,501 | 8,688,564 | 5.14 |
| Calvert | 4,978 | 16,414 | 3,709 | 25,101 | 1,848 | 683 | 27,632 | 1,256,527 | 2.20 |
| Caroline | 4,700 | 12,115 | 2,074 | 18,889 | 1,669 | 219 | 20,777 | 200,540 | 19.36 |
| Carroll | 25,501 | 40,515 | 6,666 | 72,682 | 3,112 | 3,007 | 78,801 | 1,307,027 | 6.03 |
| Cecil | 12,647 | 29,994 | 3,464 | 46,105 | 3,599 | 908 | 50,612 | 635,409 | 7.97 |
| Charles | 18,852 | 43,167 | 8,089 | 70,108 | 3,876 | 2,536 | 76,520 | 1,260,965 | 6.07 |
| Dorchester | 5,573 | 14,793 | 4,243 | 24,609 | 2,401 | 269 | 27,279 | 333,895 | 8.17 |
| Frederick | 28,575 | 53,902 | 9,764 | 92,241 | 4,191 | 3,721 | 100,153 | 1,564,443 | 6.40 |
| Garrett | 5,010 | 15,735 | 2,948 | 23,693 | 1,970 | 299 | 25,962 | 336,763 | 7.71 |
| Harford | 34,038 | 63,988 | 11,213 | 109,239 | 5,334 | 4,009 | 118,582 | 1,683,704 | 7.04 |
| Howard | 45,753 | 50,478 | 11,358 | 107,589 | 1,880 | 5,308 | 114,777 | 2,652,730 | 4.33 |
| Kent | 3,492 | 7,435 | 1,110 | 12,037 | 997 | 284 | 13,318 | 216,404 | 6.15 |
| Montgomery | 225,061 | 181,837 | 19,103 | 426,001 | 16,334 | 23,630 | 465,965 | 14,256,899 | 3.27 |
| Prince George's | 143,574 | 256,206 | 20,160 | 419,940 | 27,368 | 16,849 | 464,157 | 8,321,841 | 5.58 |
| Queen Anne's | 6,785 | 12,079 | 1,925 | 20,789 | 1,327 | 860 | 22,976 | 413,508 | 5.56 |
| St. Mary's | 11,963 | 28,027 | 4,428 | 44,418 | 2,839 | 1,190 | 48,447 | 696,088 | 6.96 |
| Somerset | 3,181 | 10,158 | 2,977 | 16,316 | 1,820 | 146 | 18,282 | 177,676 | 10.29 |
| Talbot | 5,973 | 8,116 | 958 | 15,047 | 1,208 | 618 | 16,873 | 547,443 | 3.08 |
| Washington | 20,597 | 43,381 | 6,653 | 70,631 | 5,441 | 1,321 | 77,393 | 1,129,822 | 6.85 |
| Wicomico | 13,123 | 29,043 | 3,921 | 46,087 | 4,055 | 955 | 51,097 | 776,290 | 6.58 |
| Worcester | 4,083 | 10,670 | 3,003 | 17,756 | 1,784 | 1,701 | 21,241 | 1,225,120 | 1.73 |
| Baltimore City | 212,657 | 494,225 | 32,305 | 739,187 | 139,512 | 14,207 | 892,906 | 5,514,513 | 16.19 |
| Total | $1,127,607 | $1,817,520 | $205,809 | $3,150,927 | $267,177 | $114,773 | $3,532,877 | $59,642,029 | |

(1) In addition to the amounts shown for counties and Baltimore City, $44,850,000 was distributed to municipalities within the counties.

(2) Source: Forty-second Report of the Department of Assessments and Taxation, dated January 1986. Amounts shown are the local subdivision's assessable base only.

## STATE OF MARYLAND

### Schedule of Taxes Receivable from Collectors of State Property Taxes

### June 30, 1986

(Expressed in Thousands)

| Political Subdivision | Taxes Receivable | | |
|---|---|---|---|
| | Current Year | Prior Years | Total |
| Allegany | $ 91 | $ 89 | $ 180 |
| Anne Arundel | 62 | 47 | 109 |
| Baltimore County | 51 | 280 | 331 |
| Calvert | 89 | 4 | 93 |
| Caroline | 24 | 2 | 26 |
| Carroll | 24 | 5 | 29 |
| Cecil | 41 | 41 | 82 |
| Charles | 8 | 17 | 25 |
| Dorchester | 55 | 29 | 84 |
| Frederick | 258 | 18 | 276 |
| Garrett | 65 | 6 | 71 |
| Harford | 34 | 71 | 105 |
| Howard | 16 | 94 | 110 |
| Kent | 36 | | 36 |
| Montgomery | (38) | 556 | 518 |
| Prince George's | 40 | 195 | 235 |
| Queen Anne's | 3 | 8 | 11 |
| St. Mary's | 102 | 48 | 150 |
| Somerset | 43 | 19 | 62 |
| Talbot | 9 | 11 | 20 |
| Washington | 137 | 39 | 176 |
| Wicomico | 93 | 53 | 146 |
| Worcester | 133 | 20 | 153 |
| Baltimore City | 218 | 360 | 578 |
| Total | $1,594 | $2,012 | $3,606 |

## STATE OF MARYLAND

### Schedule of Estimated Revenues — Budgetary Basis

### for the year ending June 30, 1987

(Expressed in Thousands)

| | General Fund | Special Fund | Federal Fund | Current Unrestricted Fund | Current Restricted Fund | Total |
|---|---|---|---|---|---|---|
| Property taxes | $ 31,273 | $ 143,757 | | | | $ 175,030 |
| Franchise and corporation taxes | 137,753 | 5,430 | | | | 143,183 |
| Death taxes | 42,768 | | | | | 42,768 |
| Alcoholic beverage taxes and licenses | 18,540 | 9,200 | | | | 27,740 |
| Admission taxes | | 1,113 | | | | 1,113 |
| Motor vehicle fuel taxes and licenses | 6,383 | 308,617 | | | | 315,000 |
| Income taxes | 2,206,644 | 91,942 | | | | 2,298,586 |
| Retail sales and use tax and licences | 1,275,717 | | | | | 1,275,717 |
| State tobacco tax and licenses | 52,000 | 15,000 | | | | 67,000 |
| Motor vehicle tax and licenses | 1,000 | 367,965 | | | | 368,965 |
| Insurance company taxes, licenses and fees | 97,837 | | | | | 97,837 |
| Horse race taxes and licenses | 818 | 1,946 | | | | 2,764 |
| District courts fines and costs | 38,500 | | | | | 38,500 |
| Interest on investments | 35,000 | 7,500 | | | | 42,500 |
| Hospital patient recoveries | 89,450 | | | | | 89,450 |
| Miscellaneous taxes, fees and other revenues | 24,407 | 32,244 | | | | 56,651 |
| Legislative | 536 | 60 | | | | 596 |
| Judicial review and legal | 15,599 | 1,047 | $ 949 | | | 17,595 |
| Executive and administrative control | | 633 | 18,876 | | | 19,509 |
| Financial and revenue administration | 333,956 | 24,667 | | | | 358,623 |
| Budgetary and fiscal administration | 510 | 194 | | | | 704 |
| Personnel administration, retirement and employee relations | 1,254 | 16,055 | | | | 17,309 |
| State planning | | 885 | 426 | | | 1,311 |
| General services | 114 | 345 | | | | 459 |
| Transportation and highways | | 256,996 | 460,123 | | | 717,119 |
| Natural resources and recreation | 20 | 42,609 | 9,331 | | | 51,960 |
| Agriculture | 92 | 10,871 | 2,233 | | | 13,196 |
| Health, hospitals and mental hygiene | 7,709 | 55,512 | 418,932 | | | 482,153 |
| Human resources | 1,062 | 8,586 | 309,108 | | | 318,756 |
| Licensing and regulation | 6,212 | 93,931 | 2,824 | | | 102,967 |
| Public safety and correctional services | 637 | 35,247 | 3,174 | | | 39,058 |
| Public education | 567 | 23,649 | 199,680 | $798,947 | $172,003 | 1,194,846 |
| Economic and community development | | 48,332 | 18,286 | | | 66,618 |
| Employment and training | | 1,258 | 90,268 | | | 91,526 |
| Total | 4,426,358 | 1,605,591 | 1,534,210 | 798,947 | 172,003 | 8,537,109 |
| Transfers from other funds | 13,000 | | | | | 13,000 |
| Deductions from motor vehicle revenue: Comptroller of the treasury clerks of court deficiency fund | | (2,200) | | | | (2,200) |
| Total estimated revenues | $4,439,358 | $1,603,391 | $1,534,210 | $798,947 | $172,003 | $8,547,909 |

(1) Includes $119,757,000 recorded as Debt Service Fund for accounting purposes.

(2) Includes $28,166,000 recorded as Debt Service Fund for accounting purposes.

(3) Amounts are estimated at July 1, 1986, and do not reflect revisions, if any, subsequent to that date.

## STATE OF MARYLAND

### Schedule of General, Special, Federal, Current Unrestricted and Current Restricted Fund Appropriations—Budgetary Basis for the year ending June 30, 1987

(Expressed in Thousands)

| Functions | General Fund | Special Fund | Federal Fund | Current Unrestricted Fund | Current Restricted Fund | Total |
|---|---|---|---|---|---|---|
| Payments of revenue to civil divisions of the State | $ 63,500 | $ 34,031 | | | | $ 97,531 |
| Public debt | 86,000 | 147,923 | | | | 233,923 |
| Legislative | 27,539 | 60 | | | | 27,599 |
| Judicial review and legal | 104,484 | 1,047 | $ 949 | | | 106,480 |
| Executive and administrative control | 41,944 | 633 | 18,876 | | | 61,453 |
| Financial and revenue administration | 117,624 | 31,384 | | | | 149,008 |
| Budgetary and fiscal administration | 5,004 | 194 | | | | 5,198 |
| Personnel administration, retirement and employee relations | 94,154 | 16,055 | | | | 110,209 |
| State planning | 4,404 | 885 | 426 | | | 5,715 |
| General services | 30,501 | 345 | | | | 30,846 |
| Transportation and highways | | 1,015,976 | 460,123 | | | 1,476,099 |
| Natural resources and recreation | 50,316 | 68,350 | 9,331 | | | 127,997 |
| Agriculture | 15,217 | 11,831 | 2,233 | | | 29,281 |
| Health, hospitals and mental hygiene | 1,074,976 | 55,512 | 418,932 | | | 1,549,420 |
| Human resources | 295,205 | 8,586 | 309,108 | | | 612,899 |
| Licensing and regulation | 20,947 | 93,931 | 2,824 | | | 117,702 |
| Public safety and correctional services | 383,986 | 43,059 | 3,174 | | | 430,219 |
| Public education | 1,980,949 | 23,999 | 199,680 | $798,947 | $172,003 | 3,175,578 |
| Economic and community development | 32,713 | 48,332 | 18,286 | | | 99,331 |
| Employment and training | 3,302 | 1,258 | 90,268 | | | 94,828 |
| State reserve fund | 65,000 | | | | | 65,000 |
| Total appropriations | $4,497,765 | $1,603,391 | $1,534,210 | $798,947 | $172,003 | $8,606,316 |

(1) Recorded as Debt Service Fund for accounting purposes.

(2) Amounts are reported as of July 1, 1986, and do not reflect revisions, if any, subsequent to that date.

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# STATISTICAL SECTION

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# STATE OF MARYLAND
## Schedule of General Government Revenues by Source, Expenditures by Function and Other Sources (Uses) of Financial Resources and Changes in Fund Balances General, Special Revenue, Debt Service and Capital Projects Funds Last Ten Fiscal Years
(Expressed in Thousands)

| | Year ended June 30, | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 1986 | 1985 | 1984 | 1983 | 1982 | 1981 | 1980 | 1979 | 1978 | 1977 |
| Revenues: | | | | | | | | | | |
| Income taxes | $2,140,594 | $1,968,106 | $1,803,939 | $1,558,515 | $1,452,355 | $1,363,909 | $1,219,352 | $1,107,459 | $ 996,920 | $ 908,254 |
| Retail sales and use taxes | 1,189,603 | 1,098,445 | 988,284 | 865,087 | 797,397 | 753,674 | 712,815 | 699,188 | 628,059 | 465,858 |
| Motor vehicle taxes and fees | 741,940 | 683,774 | 635,602 | 518,274 | 436,633 | 417,302 | 414,178 | 431,010 | 415,057 | 372,294 |
| Other taxes | 641,767 | 584,254 | 574,353 | 550,664 | 510,021 | 478,221 | 438,558 | 395,457 | 354,245 | 360,193 |
| Other licenses and fees | 91,104 | 77,497 | 70,387 | 57,488 | 49,426 | 38,463 | 35,882 | 35,732 | 36,404 | 32,928 |
| Charges for services | 238,862 | 266,453 | 229,160 | 185,585 | 193,157 | 174,986 | 143,331 | 117,219 | 190,156 | 171,167 |
| Interest and other investment income | 94,464 | 104,262 | 84,421 | 96,621 | 124,999 | 115,358 | 111,239 | 79,554 | 34,807 | 22,345 |
| Other | 173,133 | 134,298 | 111,128 | 87,588 | 80,872 | 107,517 | 123,157 | 135,679 | 41,028 | 16,102 |
| Gain on defeasance of transportation bonds | 53,337 | | | | | | | | | |
| Federal revenue | 1,386,667 | 1,253,000 | 1,146,614 | 1,097,953 | 928,906 | 1,029,790 | 996,053 | 881,964 | 844,345 | 782,711 |
| Total revenues | 6,751,471 | 6,170,089 | 5,643,888 | 5,017,775 | 4,573,766 | 4,479,220 | 4,194,565 | 3,883,262 | 3,541,621 | 3,131,852 |
| Expenditures: | | | | | | | | | | |
| Current: | | | | | | | | | | |
| General government | 248,951 | 233,441 | 199,323 | 217,869 | 205,972 | 197,909 | 248,079 | 147,529 | 202,922 | 181,996 |
| Education | 1,516,492 | 1,422,008 | 983,603 | 956,799 | 934,163 | 891,961 | 816,402 | 740,997 | 693,981 | 631,146 |
| Human resources | 674,346 | 602,396 | 543,078 | 521,613 | 465,299 | 510,244 | 426,150 | 375,058 | 350,067 | 324,843 |
| Health and mental hygiene | 1,406,629 | 1,265,849 | 1,131,159 | 1,025,195 | 896,743 | 860,286 | 769,676 | 657,604 | 590,447 | 531,074 |
| Transportation | 544,004 | 414,230 | 380,167 | 330,262 | 666,070 | 655,324 | 619,629 | 571,347 | 614,773 | 565,283 |
| Public saftey and judicial | 471,621 | 433,904 | 317,823 | 333,387 | 286,223 | 270,379 | 266,028 | 271,290 | 207,704 | 195,347 |
| Economic and community development | 26,434 | 27,172 | 24,088 | 21,137 | 17,238 | 18,464 | 13,754 | 10,719 | 9,457 | 8,431 |
| Natural resources and recreation | 82,787 | 73,952 | 59,259 | 59,487 | 53,974 | 56,238 | 42,022 | 44,809 | 43,577 | 39,050 |
| Agriculture | 27,909 | 23,341 | 20,650 | 18,655 | 16,662 | 13,232 | 9,971 | 9,162 | 8,280 | 6,871 |
| Personnel and retirement | 21,273 | 31,784 | 505,587 | 414,860 | 334,725 | 333,892 | 323,618 | 308,033 | 260,790 | 223,781 |
| Intergovernmental | 497,158 | 525,623 | 513,755 | 410,436 | 376,043 | 466,260 | 392,772 | 390,334 | | |
| Debt service | 455,880 | 433,482 | 425,977 | 436,328 | 411,313 | 315,868 | 293,895 | 269,810 | 283,321 | 254,561 |
| Capital outlay | 685,516 | 573,053 | 485,615 | 595,474 | 128,424 | 96,787 | 70,249 | 58,801 | 282,384 | 306,987 |
| Total expenditures | 6,659,000 | 6,060,235 | 5,590,084 | 5,341,502 | 4,792,849 | 4,686,844 | 4,292,245 | 3,855,593 | 3,547,703 | 3,269,370 |
| Excess (deficiency) of revenues over expenditures | 92,471 | 109,854 | 53,804 | (323,727) | (219,083) | (207,624) | (97,680) | 27,669 | (16,082) | (137,518) |
| Other sources (uses) of financial resources: | | | | | | | | | | |
| Proceeds from bond issues | 133,380 | 163,200 | 146,470 | 473,105 | 253,880 | 444,335 | 162,310 | 120,000 | 218,145 | 498,112 |
| Operating transfers in | 323,423 | 252,517 | 211,935 | 201,668 | 208,341 | 171,422 | 166,702 | 130,081 | 112,947 | 57,026 |
| Operating transfers out | (582,044) | (383,393) | (363,309) | (362,651) | (322,959) | (308,330) | (292,657) | (258,497) | (170,662) | (158,160) |
| Defeasance of bonds | (354,865) | | | | | | | | | |
| Net other sources (uses) of financial resources | (480,106) | 32,324 | (4,904) | 312,122 | 139,262 | 307,427 | 36,355 | (8,416) | 160,430 | 396,978 |
| Excess (deficiency) of revenues over expenditures and net other sources (uses) of financial resources | (387,635) | 142,178 | 48,900 | (11,605) | (79,821) | 99,803 | (61,325) | 19,253 | 144,348 | 259,460 |
| Fund balance, July 1 | 904,641 | 762,463 | 713,563 | 717,168 | 803,584 | 693,781 | 742,106 | 514,366 | 370,018 | 110,558 |
| Adjustments | | | | | (6,595) | | | 208,487 | | |
| Fund balance, July 1, as restated | 904,641 | 762,463 | 713,563 | 717,168 | 796,989 | 693,781 | 742,106 | 722,853 | 370,018 | 110,558 |
| Equity transfers | | | | 8,000 | | 10,000 | 13,000 | | | |
| Fund balance, June 30 | $ 517,006 | $ 904,641 | $ 762,463 | $ 713,563 | $ 717,168 | $ 803,584 | $ 693,781 | $ 742,106 | $ 514,366 | $ 370,018 |

Source: General Accounting Division, State Comptroller's Office

(1) Intergovernmental expenditures for the years 1977 and 1978 are included in current and capital outlay expenditures.

(2) Certain adjustments were made to fund balances as of July 1, 1978 to present the financial statements for the year ended June 30, 1979 in conformity with generally accepted accounting principles. These adjustments principally consist of adjustments to revenues and expenditures of prior years reported in Budgetary Funds. It is not practicable to adjust the financial statements of prior years to reflect these adjustments.

(3) Effective July 1, 1981, the Maryland Higher Education Loan Corporation's activities were recorded in the enterprise funds and its beginning equity was reclassified from the general fund balance to retained earings in the enterprise funds.

(4) Effective July 1, 1982, capital outlays for transportation projects are reported in Capital Outlays instead of Transportation.

(5) During 1983 the Lottery returned $8,000,000 to the General Fund. This return of contributed capital has been reported as an equity transfer.

(6) Effective July 1, 1984 fringe benefit costs are allocated to the various governmental functions.

## STATE OF MARYLAND

### Schedule of Property Tax Levies and Collections

### Last Ten Fiscal Years

(Expressed in Thousands)

| Fiscal Year | Total Tax Levy | Current Tax Collections | Percentage of Levy Collected | Delinquent Tax Collections | Total Tax Collections | Percentage of Total Tax Collections to Tax Levy | Outstanding Delinquent Taxes | Percentage of Delinquent Taxes to Tax Levy |
|---|---|---|---|---|---|---|---|---|
| 1986 | $110,507 | $108,824 | 98.48% | $2,582 | $111,406 | 100.81% | $3,606 | 3.62% |
| 1985 | 101,302 | 98,706 | 97.44 | 5,510 | 104,216 | 102.88 | 5,332 | 5.26 |
| 1984 | 116,737 | 111,254 | 95.30 | 4,390 | 115,644 | 99.06 | 8,362 | 7.16 |
| 1983 | 110,224 | 104,724 | 95.01 | 3,899 | 108,623 | 98.55 | 7,269 | 6.59 |
| 1982 | 101,418 | 97,200 | 95.84 | 1,888 | 99,088 | 97.70 | 5,668 | 5.59 |
| 1981 | 88,873 | 86,320 | 97.13 | 2,114 | 88,434 | 99.51 | 3,338 | 3.76 |
| 1980 | 82,777 | 80,668 | 97.45 | 2,183 | 82,851 | 100.09 | 2,899 | 3.50 |
| 1979 | 72,932 | 70,978 | 97.32 | 1,661 | 72,639 | 99.60 | 2,973 | 4.08 |
| 1978 | 79,935 | 77,703 | 97.21 | 2,404 | 80,107 | 100.22 | 2,680 | 3.35 |
| 1977 | 72,365 | 70,525 | 97.46 | 1,617 | 72,142 | 99.69 | 2,852 | 3.94 |

Source: State Comptroller's Office

## STATE OF MARYLAND

### Schedule of Assessed and Estimated Actual

### Value of Taxable Property

### Last Ten Fiscal Years

(Expressed in Thousands)

| | Real Property | | Personal Property | | Total | | |
|---|---|---|---|---|---|---|---|
| Fiscal Year | Assessed Value | Estimated Actual Value | Assessed Value | Estimated Actual Value | Assessed Value | Estimated Actual Value | Ratio of Total Assessed to Total Estimated Actual Value |
| 1986 | $49,783,232 | $114,510,022 | $16,619,926 | $16,619,926 | $66,403,158 | $131,129,948 | 50.6% |
| 1985 | 41,315,153 | 103,731,464 | 15,717,115 | 15,717,115 | 60,832,522 | 119,448,579 | 50.9 |
| 1984 | 37,955,616 | 93,342,897 | 15,384,517 | 15,384,517 | 56,699,670 | 108,727,414 | 52.1 |
| 1983 | 35,220,079 | 83,173,437 | 14,270,604 | 14,270,604 | 52,226,220 | 97,444,041 | 53.6 |
| 1982 | 32,352,018 | 74,936,338 | 12,544,327 | 12,544,327 | 47,764,406 | 87,480,665 | 54.6 |
| 1981 | 30,912,809 | 68,834,081 | 11,342,424 | 11,342,424 | 43,694,442 | 80,176,505 | 54.5 |
| 1980 | 26,911,027 | 65,771,934 | 10,290,728 | 10,290,728 | 41,203,537 | 76,062,662 | 54.2 |
| 1979 | 25,595,978 | 57,257,504 | 9,470,369 | 9,470,369 | 36,381,396 | 66,727,873 | 54.5 |
| 1978 | 23,222,421 | 51,191,956 | 9,050,193 | 9,050,193 | 34,646,171 | 60,242,149 | 57.5 |
| 1977 | 20,887,037 | 46,444,842 | 8,170,869 | 8,170,869 | 31,393,290 | 54,615,711 | 57.5 |

Source: The Thirty-third through Forty-second Report of the State Department of Assessments and Taxation.

## STATE OF MARYLAND

### Schedule of Property Tax Rates—
### (Per $100 of Assessed Value)
### All Overlapping Governments
### Last Ten Fiscal Years

| | 1986 | 1985 | 1984 | 1983 | 1982 | 1981 | 1980 | 1979 | 1978 | 1977 |
|---|---|---|---|---|---|---|---|---|---|---|
| State of Maryland | $ .21 | $ .21 | $ .21 | $ .21 | $ .21 | $ .20 | $ .20 | $ .23 | $ .23 | $ .23 |
| Subdivisions: | | | | | | | | | | |
| Allegany | 2.70 | 2.56 | 2.49 | 2.11 | 2.21 | 2.22 | 2.19 | 2.35 | 2.42 | 2.40 |
| Anne Arundel | 2.57 | 2.68 | 2.68 | 2.31 | 2.46 | 2.23 | 2.15 | 2.15 | 2.42 | 2.60 |
| Baltimore County | 3.00 | 3.12 | 2.99 | 2.95 | 2.98 | 2.93 | 2.93 | 2.99 | 3.05 | 3.11 |
| Calvert | 1.96 | 1.96 | 1.96 | 1.96 | 1.96 | 2.00 | 2.00 | 2.10 | 2.30 | 2.55 |
| Caroline | 2.31 | 2.31 | 2.16 | 2.16 | 2.16 | 2.16 | 2.16 | 2.30 | 2.38 | 2.15 |
| Carroll | 2.03 | 2.08 | 2.04 | 2.04 | 2.12 | 2.12 | 1.93 | 2.15 | 2.40 | 2.50 |
| Cecil | 2.62 | 2.65 | 2.65 | 2.40 | 2.40 | 2.40 | 2.30 | 2.35 | 2.50 | 2.50 |
| Charles | 2.28 | 2.30 | 2.27 | 2.17 | 2.17 | 2.07 | 2.14 | 2.14 | 2.27 | 2.42 |
| Dorchester | 2.24 | 2.24 | 2.24 | 2.24 | 2.24 | 2.29 | 2.34 | 2.45 | 2.59 | 2.69 |
| Frederick | 2.22 | 2.25 | 2.25 | 2.25 | 2.28 | 2.28 | 2.11 | 2.23 | 2.40 | 2.40 |
| Garrett | 2.52 | 2.68 | 2.83 | 3.02 | 3.22 | 3.31 | 2.37 | 2.45 | 2.63 | 2.73 |
| Harford | 2.73 | 2.73 | 2.73 | 2.55 | 2.55 | 2.43 | 2.71 | 2.44 | 2.75 | 2.97 |
| Howard | 2.49 | 2.54 | 2.57 | 2.39 | 2.45 | 2.23 | 2.28 | 2.43 | 2.63 | 2.49 |
| Kent | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.05 | 2.34 | 2.44 |
| Montgomery | 2.04 | 2.06 | 2.26 | 2.27 | 2.27 | 2.34 | 2.35 | 2.60 | 2.73 | 2.78 |
| Prince George's | 2.40 | 2.42 | 2.54 | 2.63 | 2.60 | 2.69 | 3.04 | 3.31 | 3.41 | 3.37 |
| Queen Anne's | 2.00 | 2.00 | 2.00 | 1.94 | 1.94 | 1.94 | 1.44 | 1.44 | 1.58 | 1.80 |
| St. Mary's | 1.99 | 1.90 | 1.90 | 1.80 | 1.80 | 1.80 | 1.80 | 1.90 | 1.90 | 1.90 |
| Somerset | 1.90 | 1.99 | 1.99 | 1.99 | 1.99 | 1.99 | 2.01 | 2.15 | 2.15 | 2.40 |
| Talbot | 1.09 | 1.18 | 1.27 | 1.34 | 1.42 | 1.49 | 1.51 | 1.69 | 1.75 | 1.91 |
| Washington | 2.05 | 2.05 | 1.98 | 1.98 | 2.07 | 2.19 | 2.21 | 2.46 | 2.50 | 2.60 |
| Wicomico | 1.76 | 1.78 | 1.78 | 1.78 | 1.78 | 1.78 | 1.70 | 1.60 | 1.73 | 1.90 |
| Worcester | 1.45 | 1.51 | 1.51 | 1.55 | 1.59 | 1.53 | 1.38 | 1.60 | 1.60 | 1.65 |
| Baltimore City | 6.00 | 6.00 | 5.99 | 5.96 | 5.97 | 5.93 | 5.94 | 5.97 | 5.99 | 5.88 |

Source: The Thirty-third through Forty-second Report of the State Department of Assessments and Taxation

## STATE OF MARYLAND

### Schedule of Ratio of General Long-Term Debt
### To Assessed Value and General Long-Term Debt Per Capita
### Last Ten Fiscal Years

| | (Expressed in Thousands) | | | | |
|---|---|---|---|---|---|
| Fiscal Year | Estimated Population (1) | Assessed Value | General Long-term Debt (2) | Ratio of General Long-term Debt to Assessed Value | General Long-term Debt per Capita |
| 1986 | 4,396 | $66,403,158 | $2,395,820 | 3.61% | $545 |
| 1985 | 4,388 | 60,832,522 | 3,027,555 | 4.98 | 690 |
| 1984 | 4,354 | 56,699,670 | 3,090,800 | 5.45 | 710 |
| 1983 | 4,319 | 52,226,220 | 3,167,090 | 6.06 | 733 |
| 1982 | 4,265 | 47,764,406 | 2,952,610 | 6.18 | 692 |
| 1981 | 4,216 | 43,694,442 | 2,943,560 | 6.74 | 698 |
| 1980 | 4,193 | 41,203,537 | 2,669,365 | 6.48 | 637 |
| 1979 | 4,149 | 36,381,396 | 2,669,310 | 7.34 | 643 |
| 1978 | 4,148 | 34,646,171 | 2,684,455 | 7.74 | 647 |
| 1977 | 4,139 | 31,393,290 | 2,595,449 | 8.27 | 627 |

(1) Source: Forty-second Report of the State Department of Assessments and Taxation, dated January 1986. Amounts shown are the State's assessable base only.

(2) Source: State Comptroller's Office

(3) Includes all long-term general obligation and transportation bonds.

## STATE OF MARYLAND

### Schedule of Ratio of Annual Debt Service for General Long-Term Debt to Total General Expenditures
### Last Ten Fiscal Years

| Fiscal Year | (Expressed in Thousands) Principal | Interest | Total Debt Service | Total General Expenditures[2] | Ratio of Debt Service to General Expenditures (Percent) |
|---|---|---|---|---|---|
| 1986 | $254,525 | $201,355 | $455,880 | $6,232,105 | 7.32% |
| 1985 | 226,445 | 207,037 | 433,482 | 5,618,058 | 7.72 |
| 1984 | 228,760 | 197,217 | 425,977 | 5,255,843 | 8.10 |
| 1983 | 192,625 | 183,703 | 376,328 | 4,907,011 | 7.67 |
| 1982 | 184,830 | 166,483 | 351,313 | 4,719,043 | 7.44 |
| 1981 | 173,015 | 142,853 | 315,868 | 4,726,965 | 6.68 |
| 1980 | 159,985 | 133,910 | 293,895 | 4,198,951 | 7.00 |
| 1979 | 133,969 | 135,841 | 269,810 | 3,766,208 | 7.16 |
| 1978 | 149,739 | 133,582 | 283,321 | 3,323,034 | 8.53 |
| 1977 | 135,380 | 119,181 | 254,461 | 3,063,517 | 8.31 |

(1) Excludes $60,000,000 of Bond Anticipation Notes for the Department of Transportation which were refinanced in the fiscal year 1983 and 1982, respectively.

(2) Total general governmental expenditures plus net operating transfers less capital outlays.

Source: General Accounting Division, State Comptroller's Office

## STATE OF MARYLAND

### Schedule of Revenue Bond Coverage
### Last Eight Fiscal Years
### (Expressed in Thousands)

| | MARYLAND TRANSPORTATION AUTHORITY | | | | | | |
|---|---|---|---|---|---|---|---|
| Fiscal Year | Gross Revenues | Direct Operating Expenses | Net Revenue Available For Debt Service | Debt Service Requirements Principal | Interest | Total | Coverage |
| 1986 | $90,639 | $24,259 | $66,380 | $1,180 | $12,794 | $13,974 | 4.75% |
| 1985 | 74,343 | 20,794 | 53,549 | 1,105 | 7,709 | 8,814 | 6.08 |
| 1984 | 71,549 | 18,950 | 52,599 | 1,035 | 7,764 | 8,799 | 5.98 |
| 1983 | 67,411 | 17,759 | 49,652 | 970 | 7,815 | 8,785 | 5.65 |
| 1982 | 65,014 | 16,713 | 48,301 | 905 | 7,861 | 8,766 | 5.51 |
| 1981 | 63,797 | 15,436 | 48,361 | 850 | 7,903 | 8,753 | 5.53 |
| 1980 | 60,763 | 13,597 | 47,166 | 795 | 7,941 | 8,736 | 5.40 |
| 1979[1] | 50,591 | 11,073 | 39,518 | 745 | 7,975 | 8,720 | 4.53 |

(1) Presented for the period August 24, 1978 through June 30, 1979, the period since the operations of its transportation facilities were combined.

Source: Maryland Transportation Authority.

## STATE OF MARYLAND

### Schedule of Taxes Pledged to Consolidated Transportation Bonds and Net Revenues as Defined for Purposes of Consolidated Transportation Bonds Coverage Tests

### Last Ten Fiscal Years

(Expressed in Thousands)

| | Year ended June 30, | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 1986 | 1985 | 1984 | 1983 | 1982 | 1981 | 1980 | 1979 | 1978 | 1977 |
| Revenues: | | | | | | | | | | |
| Taxes and fees: | | | | | | | | | | |
| Taxes pledged to bonds | $438,886 | $403,372 | $375,075 | $297,593 | $245,732 | $236,588 | $216,428 | $227,546 | $216,734 | $189,864 |
| Other taxes and fees | 127,130 | 118,161 | 126,861 | 106,944 | 102,956 | 105,680 | 59,926 | 61,094 | 59,211 | 56,801 |
| Total taxes and fees | 566,016 | 521,533 | 501,936 | 404,537 | 348,688 | 342,268 | 276,354 | 288,640 | 275,945 | 246,665 |
| Operating revenues | 126,021 | 126,125 | 121,409 | 100,291 | 96,548 | 87,912 | 80,073 | 67,463 | 61,368 | 54,978 |
| Investment income | 13,644 | 16,812 | 12,785 | 6,431 | 21,261 | 10,308 | 3,616 | 5,682 | 7,568 | 6,245 |
| Other | 5,419 | 3,352 | 4,056 | 1,449 | 971 | 1,046 | 1,299 | 796 | 670 | 776 |
| Transfer Maryland Transportation Authority | | | | | | 10,000 | 13,000 | | | |
| Total revenues | 711,100 | 667,822 | 640,186 | 512,708 | 467,468 | 451,534 | 374,342 | 362,581 | 345,551 | 308,664 |
| Administration, operation, and maintenance expenditures | 423,502 | 379,563 | 345,469 | 319,923 | 280,561 | 258,906 | 221,438 | 192,828 | 170,235 | 154,788 |
| Less federal funds | (19,648) | (21,245) | (20,274) | (19,221) | (30,394) | (35,160) | (16,288) | (24,191) | (11,973) | (20,386) |
| Total | 403,854 | 358,318 | 325,195 | 300,702 | 250,167 | 223,746 | 205,150 | 168,637 | 158,262 | 134,402 |
| Net revenues | $307,246 | $309,504 | $314,991 | $212,006 | $217,301 | $227,788 | $169,192 | $193,944 | $187,289 | $174,262 |
| Maximum annual principal and interest requirements | $ 25,175 | $ 46,084 | $ 53,008 | $ 53,008 | $ 50,325 | $ 50,894 | $ 49,216 | $ 53,065 | $ 55,041 | $ 55,041 |
| Ratio of net revenues to maximum annual principal and interest requirements | 12.20 | 6.72 | 5.94 | 4.00 | 4.32 | 4.48 | 3.44 | 3.65 | 3.40 | 3.17 |
| Ratio of taxes pledged to bonds to maximum annual principal and interest requirements | 17.43 | 8.75 | 7.08 | 5.61 | 4.88 | 4.65 | 4.40 | 4.29 | 3.94 | [2] |

Source: The Secretary's Office of the Department of Transportation.

(1) Under the terms of the bond authorizing resolutions, additional Consolidation Transportation Bonds may be issued, provided, among other conditions, that (i) total receipts, less administration, operation and maintenance expenditures for the preceeding fiscal year equal at least two times maximum annual debt service on all Consolidated Transportation Bonds outstanding and to be issued and any then outstanding Maryland Port Authority Loans and that (ii) total proceeds from pledged taxes equal at least two times maximum annual debt service on all Consolidated Transportation Bonds outstanding and to be issued and any then outstanding Maryland Port Authority Loans.

(2) The terms of the bond authorizing resolutions did not include this bond's coverage testing during 1977.

## STATE OF MARYLAND

### Schedule of Demographic Statistics

### Last Ten Fiscal Years

| Fiscal Year | Population | Per Capita Income | School Enrollment | Unemployment Rate |
|---|---|---|---|---|
| 1986 | 4,396,000 | N/A | 871,996 | 4.3[4] |
| 1985 | 4,388,000 | $15,864 | 874,540 | 4.4 |
| 1984 | 4,354,000 | 14,121 | 888,428 | 5.8 |
| 1983 | 4,319,000 | 12,994 | 909,418 | 8.0 |
| 1982 | 4,265,000 | 12,237 | 925,622 | 8.4 |
| 1981 | 4,216,000 | 11,533 | 950,548 | 7.3 |
| 1980 | 4,193,000 | 10,385 | 971,236 | 6.5 |
| 1979 | 4,149,000 | 9,319 | 1,000,435 | 5.9 |
| 1978 | 4,148,000 | 8,419 | 1,028,402 | 5.6 |
| 1977 | 4,139,000 | 7,546 | 1,040,163 | 6.1 |

Sources:
(1) U.S. Department of Commerce, Bureau of Census
(2) U.S. Department of Commerce, Bureau of Economic Analysis
(3) State Departments of Education and Higher Education
(4) State Department of Employment and Training
N/A Not available at this date.

## STATE OF MARYLAND

### Schedule of Property Value and Bank Deposits

### Last Ten Fiscal Years

(Expressed in Thousands)

| Fiscal Year | Bank Deposits (1) | Property Value (2) | | | |
|---|---|---|---|---|---|
| | | Commercial | Residential | Agricultural | Nontaxable |
| 1986 | N/A | $28,675,092 | $82,618,032 | $3,126,899 | $24,146,836 |
| 1985 | $23,040,970 | 25,326,427 | 75,323,707 | 3,081,330 | 22,602,093 |
| 1984 | 19,874,912 | 22,787,607 | 67,645,737 | 2,909,553 | 20,992,266 |
| 1983 | 15,879,000 | 20,438,543 | 60,083,363 | 2,741,094 | 19,489,301 |
| 1982 | 13,831,000 | 18,742,865 | 53,639,482 | 2,553,991 | 16,868,085 |
| 1981 | 13,462,000 | 17,348,890 | 49,036,259 | 2,448,932 | 16,808,511 |
| 1980 | 12,727,000 | 16,929,467 | 46,452,163 | 2,390,304 | 15,235,589 |
| 1979 | 11,703,000 | 15,119,637 | 39,887,306 | 2,250,561 | 14,539,843 |
| 1978 | 10,926,000 | 14,253,287 | 34,893,405 | 2,045,264 | 12,577,964 |
| 1977 | 10,100,000 | 12,565,388 | 31,910,960 | 1,968,494 | 11,820,176 |

Sources:
(1) First National Bank of Maryland
(2) State Department of Assessments and Taxation
N/A Not available at this date.

## STATE OF MARYLAND

### Schedule of Miscellaneous Statistics

### June 30, 1986

| | |
|---|---|
| Date of Ratification | 1788 |
| Form of government | Legislative—Executive—Judicial |
| Miles of State Highways | 5,241 |
| Land Area | 9,874 square miles |
| State Police Protection: | |
| Number of Stations | 22 |
| Number of State Police | 1565 |
| Higher Education (Universities, Colleges and Community Colleges): | |
| Number of campuses in State | 32 |
| Number of educators | 6,633 |
| Number of students | 232,929 |
| Recreation: | |
| Number of State Parks | 44 |
| Area of State Parks | 81,796 acres |
| Forest | 107,931 acres |
| Employees | 85,892 |

Source: General Accounting Division, State Comptroller's Office